

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-39791

**INSPIRATO INCORPORATED**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
1544 Wazee Street  
Denver, CO  
(Address of principal executive offices)

85-2426959  
(I.R.S. Employer  
Identification No.)  
80202  
(Zip Code)

Registrant's telephone number, including area code: (303) 586-7771

Not applicable

(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value per share	ISPO	The Nasdaq Global Market
Warrants, each whole warrant exercisable for 0.05 shares of Class A Common Stock at an exercise price of \$230.00 per share	ISPOW	The Nasdaq Global Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of Class A common stock, held by non-affiliates of the registrant on June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$21 million (based on the closing sales price of the registrant's common stock on the Nasdaq Stock Market on that date). Shares of the registrant's common stock held by each officer and director and by each other person who may be deemed to be an affiliate of the registrant have been excluded from this computation. This determination of affiliate status is not necessarily a conclusive determination for any other purpose.

As of March 8, 2024, the registrant had 3,676,039 shares of Class A Common Stock, 2,870,964 shares of Class V Common Stock, no shares of Class B Non-Voting Stock and 8,624,792 Warrants outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement relating to its 2024 Annual Meeting of Stockholders (the "2024 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2024 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

**Table of Contents**

	<b><u>Page</u></b>
<b><u>PART I</u></b>	
<a href="#">Item 1. Business</a>	5
<a href="#">Item 1A. Risk Factors</a>	13
<a href="#">Item 1B. Unresolved Staff Comments</a>	27
<a href="#">Item 1C. Cybersecurity</a>	27
<a href="#">Item 2. Properties</a>	27
<a href="#">Item 3. Legal Proceedings</a>	28
<a href="#">Item 4. Mine Safety Disclosures</a>	28
<b><u>PART II</u></b>	
<a href="#">Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	29
<a href="#">Item 6. [Reserved]</a>	30
<a href="#">Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	30
<a href="#">Item 7A. Quantitative and Qualitative Disclosures About Market Risk</a>	43
<a href="#">Item 8. Financial Statements and Supplementary Data</a>	44
<a href="#">Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	75
<a href="#">Item 9A. Controls and Procedures</a>	75
<a href="#">Item 9B. Other Information</a>	76
<a href="#">Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	77
<b><u>PART III</u></b>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	77
<a href="#">Item 11. Executive Compensation</a>	77
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	77
<a href="#">Item 13. Certain Relationships and Related Transactions, and Director Independence</a>	77
<a href="#">Item 14. Principal Accounting Fees and Services</a>	77
<b><u>PART IV</u></b>	
<a href="#">Item 15. Exhibits and Financial Statement Schedules</a>	78
<a href="#">Item 16. Form 10-K Summary</a>	80

---

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which statements involve substantial risks and uncertainties. Our forward-looking statements include, but are not limited to, statements regarding our and our management team’s hopes, beliefs, intentions or strategies regarding the future or our future events or our future financial or operating performance. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Annual Report on Form 10-K may include, for example, statements about:

- Our partnership with Capital One Services, LLC (“Capital One”);
- Our ability to service our outstanding indebtedness and satisfy related covenants;
- The impact of changes to our executive management team;
- Our ability to comply with the continued listing standards of Nasdaq or the continued listing of our securities on Nasdaq;
- Changes in our strategy, future operations, financial position, estimated revenue and losses, projected costs, prospects and plans;
- The implementation, market acceptance and success of our business model and growth strategy;
- Our expectations and forecasts with respect to the size and growth of the travel and hospitality industry;
- The ability of our services to meet customers’ needs;
- Our ability to compete with others in the luxury travel and hospitality industry;
- Our ability to attract and retain qualified employees and management;
- Our ability to adapt to changes in consumer preferences, perception and spending habits and develop and expand our destination or other product offerings and gain market acceptance of our services, including in new geographic areas;
- Our ability to develop and maintain our brand and reputation;
- Developments and projections relating to our competitors and industry;
- The impact of natural disasters, acts of war, terrorism, widespread global pandemics or illness, including the COVID-19 pandemic, on our business and the actions we may take in response thereto;
- Expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”);
- Our future capital requirements and sources and uses of cash;
- The impact of our reduction in workforce on our expenses;
- The impact of market conditions on our financial condition and operations, including fluctuations in interest rates and inflation;
- Our ability to obtain funding for our operations and future growth;
- Our business, expansion plans and opportunities; and
- Other factors detailed under the section Risk Factors in Part I, Item 1A of this Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), those discussed in Management’s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of this Annual Report on Form 10-K and those discussed in other documents we file with the SEC.

We caution you that the foregoing list does not contain all of the forward-looking statements made in this Annual Report on Form 10-K. Although we believe that the expectations reflected in any forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievements. Should one or more of the risks or uncertainties

[Table of Contents](#)

described herein or in any other documents we file with the SEC occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

Investors should consider the risks and uncertainties described herein and should not place undue reliance on any forward-looking statements. We do not undertake, and specifically disclaim, any obligation to publicly release the results of any revisions that may be made to any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and such statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

## PART I

### Item 1. Business

Inspirato Incorporated and its subsidiaries (collectively the “Company”, “Inspirato”, “we”, or “our”) is a subscription-based luxury travel company that provides exclusive access to a managed and controlled portfolio of curated vacation options, delivered through an innovative model designed to ensure the service, certainty and value that discerning customers demand. The Inspirato portfolio includes branded luxury vacation homes, accommodations at five-star hotel and resort partners and custom travel experiences.

For travelers, we offer access to a diverse portfolio of vacation options that includes approximately 450 private luxury vacation homes available to our customers, and accommodations at over 250 luxury hotel and resort partners in over 180 destinations around the world as of December 31, 2023. Our portfolio also includes *Inspirato Only* experiences, featuring one-of-a-kind luxury safaris, cruises and other experiences with Inspirato-only member lists along with *Bespoke* trips, which offer custom-designed “bucket list” itineraries. Every Inspirato trip comes with our personalized service envelope — including pre-trip planning, on-site concierge and daily housekeeping — designed to meet the needs of discerning travelers and drive exceptional customer satisfaction.

Our portfolio of luxury vacation options is accessed through our subscription platform in which we currently offer two paid subscription models for members to choose from, *Inspirato Club* and *Inspirato Pass*. Additionally, our luxury vacation options can also be accessed through our two newer product offerings: *Inspirato for Good* (“IFG”) and *Inspirato for Business* (“IFB”), which allow customer trial membership through nonprofit or business to business sales channels. See the ‘Our Luxury Travel Subscriptions and Other Offerings’ section below for additional information on each product offering.

In addition to offering a better way to travel, Inspirato also solves critical pain points for hospitality suppliers, including luxury vacation homeowners seeking to monetize their property with rental income. For example, Inspirato provides an opaque distribution channel through which luxury hotels, resorts, and vacation homeowners can generate revenue from their unoccupied hotel rooms and suites or vacation rentals without undercutting rates on their own. We also have arrangements with hotels and resort partners to lease rooms under long-term agreements, providing them with fixed income for inventory versus uncertain occupancy-based income. For luxury vacation homeowners we offer fixed monthly lease payment, expert property management services, and flexible usage benefits in exchange for leasing their home to us for inclusion within our portfolio.

#### ***Corporate History and Background***

Inspirato was incorporated in Delaware on July 31, 2020 as Thayer Ventures Acquisition Corporation (“Thayer”), a special purpose acquisition company formed for the purpose of effecting a merger with one or more operating businesses. Inspirato LLC entered into the Business Combination Agreement dated June 30, 2021 and as amended September 15, 2021 (the “Business Combination Agreement”) to become a publicly traded company through a business combination with Thayer. On February 11, 2022, Thayer and Inspirato LLC consummated the transaction contemplated in the Business Combination Agreement whereby, among other transactions, a subsidiary of Thayer merged with and into Inspirato LLC with Inspirato LLC as the surviving company (the “Business Combination”), resulting in Inspirato LLC becoming a subsidiary of Thayer. Thayer changed its name to “Inspirato Incorporated” upon closing of the Business Combination (the “Closing”).

The Business Combination was accounted for as a reverse recapitalization whereby Inspirato LLC acquired Thayer for accounting purposes. As such, the Consolidated Financial Statements presented herein represent the operating results, assets and liabilities of Inspirato LLC before, and Inspirato Incorporated and its subsidiaries including Inspirato LLC after, the Closing. See Note 3 – Reverse Recapitalization in the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for more information.

## **Our Luxury Travel Subscriptions and Other Offerings**

### ***Luxury Travel Subscriptions***

#### **Inspirato Club**

Launched in 2011, *Inspirato Club* members pay an enrollment fee and monthly, semi-annual, annual, or multi-year subscription fees for access to our portfolio of branded Inspirato luxury vacation homes, luxury hotels, and five-star resort partners, *Inspirato Only* experiences and custom *Bespoke* itineraries. In addition to their monthly or annual subscription, members pay members-only nightly rates to book the trips of their choice. *Inspirato Club* members can book vacations up to one year in advance. Every *Club* trip includes personalized service, including pre-trip planning, on-site concierge, and daily housekeeping. We manage these rates to achieve occupancy and average daily rate goals while also delivering value to drive member satisfaction.

#### **Inspirato Pass**

Launched in 2019, *Inspirato Pass* members pay an enrollment fee and a monthly, semi-annual, annual, or multi-year subscription that is inclusive of nightly rates, taxes and fees for *Pass* trips. *Inspirato Pass* members book pass trips from the *Inspirato Pass* trip list, which is a constantly updated selection that includes vacations at Inspirato residences and hotel partners. *Inspirato Pass* members have full access to all the benefits of *Inspirato Club*, including the ability to pay members-only nightly rates to book trips of their choice, access to our booking promotions, and personalized service on every trip.

#### **Our Loyalty Program**

In August of 2023, we launched *Inspirato Rewards* (“*Rewards*”), our member loyalty program that supports our diverse portfolio of curated luxury vacation options for members with at least one active paid member subscription (“*Subscription*”). *Rewards* is designed to incentivize repeat business by rewarding members with exclusive discounts and benefits based on their activity with us. Members who earn one of the three *Rewards* statuses may earn, depending on their status, extra savings on *Club* bookings, early access to new property releases, new *Experiences* and year-end festive dates and complementary nights, among other benefits.

#### ***Other Offerings***

##### **Inspirato for Good**

Launched in 2022, *Inspirato for Good* is a platform designed to help nonprofit organizations accelerate funding results. Through this platform, we work with nonprofit organizations to sell travel packages (consisting of an *Inspirato Club* subscription and luxury vacation) at live and silent auctions, paddle raises, and other giving channels.

##### **Inspirato for Business**

Launched in 2022, *Inspirato for Business* is a business-to-business channel through which we sell subscription and travel products directly to businesses seeking to leverage luxury accommodations to recruit, retain, and reward their employees.

#### **Our Value Proposition**

We provide exceptional vacations with outstanding value for luxury travelers (who drive demand) and attractive economics and certainty for hospitality suppliers including hotels, resorts and luxury vacation rental property owners (who we work with to provide supply).

##### **Our subscription offerings are intended to solve travel pain points by offering the following benefits:**

- **Certainty of accommodations.** All Inspirato subscriptions provide exclusive access to a portfolio of properties that we directly manage to our high standards. For example, when we onboard luxury vacation homes into our portfolio, we typically outfit them with premium linens, kitchenware, technology, and other amenities and then refresh them at regular intervals to ensure they meet our standards. In addition, after each member checks out from a stay, we perform a detailed walkthrough to ensure it is ready for the next arrival, thus ensuring a consistent quality experience for our members.

## [Table of Contents](#)

- **High-quality personalized service.** Inspirato is a hospitality company with an expert team of dedicated professionals that offer personalized service comparable to the top-tier hotel and resort brands. Every Inspirato trip includes pre-trip itinerary planning, on-site concierge service, and daily housekeeping. Additionally, our on-site staff are available to our members to assist with their needs during their stay, to ensure we provide the level of service and assurance that discerning travelers expect.
- **Confidence with regard to value.** We believe our favorable lease agreements and partnerships with hospitality suppliers enable us to offer reduced rates versus comparable luxury vacation alternatives, while saving our members from the hassle of scouring travel websites to confirm whether they have found the best rate or value for their stay.
- **Simple, transparent fee structure.** *Inspirato Pass* members pay a monthly subscription fee in exchange for their *Pass* travel and are not subject to per-trip taxes, resort fees, and other add-on charges imposed by certain hotels. This provides them with predictability and certainty regarding their travel costs and spares them the frustration of encountering unclear or undisclosed fees. *Inspirato Club* members are charged a flat rate for taxes and fees for trips purchased a la carte.

## **Inventory Management and Expansion**

### ***Overall Approach***

- We choose destinations, accommodations, and experiences based on market trends, booking results, member feedback, and other factors to align our additions with demand.
- We only seek to partner with hotels and resorts that align well with the Inspirato luxury hospitality brand and offer service commensurate with our own, to ensure that every trip booked through our platform meets or exceeds our members' expectations.

### ***Managing our Residences***

Since our founding over a decade ago, we have developed a highly flexible, asset-light approach to controlling and managing our residences. We lease our homes, paying the owners fixed rental income, rather than buying them. Our leases typically permit us to terminate with 180 days to one years notice, giving us the ability to remove underperforming residences as well as curate the portfolio in response to market opportunities and travel demand trends.

In addition to traditional leases, we also use other flexible arrangements to secure less than 10% of our residences. These include net rate and profit-sharing agreements whereby we pay the property owner based on occupancy and costs instead of fixed monthly payments.

### **Competitive Strengths**

As an innovator within the luxury travel subscription market, we believe we have built significant barriers to entry for competitors with an array of differentiated strengths.

- ***Managed and Controlled Residential Inventory.*** As of December 31, 2023, our selection of Inspirato residences included approximately 450 private luxury vacation homes. These residences include leased properties where we directly manage, maintain, and operate the asset, as well as resort-based properties where we work closely with resort partners to ensure an exceptional member experience. By managing and controlling these assets directly, including staffing them with Inspirato team members, we are able to deliver a consistent experience comparable to top luxury hospitality resort brands, versus a “vacation roulette” experience that is dependent on the expertise and attention of the individual homeowner or a local property management company.
- ***Rate and Calendar Control.*** We manage nightly rates and calendar availability for our residences and leased hotel inventory. This allows us to revenue-manage each inventory unit to (i) help maximize occupancy by ensuring our rates are competitive with comparable accommodations in the applicable market, (ii) help reduce spoilage, and (iii) leverage availability to increase member engagement and retention.

## [Table of Contents](#)

- **Control Over Bookings and Property Management.** We control the booking calendar for our Inspirato residences, giving us visibility into actionable metrics such as how often and what times of year homes are typically used. This provides us greater control over proactive property management planning and coordinating repairs and upgrades. For example, we are able to more precisely plan renovations and other significant activities such as painting, flooring, and furniture updates compared to companies that don't control the calendars for their properties.
- **Flexible Cost Structure.** Our leases and other inventory agreements, as well as our overall strategic property mix, provide us with flexibility to respond to changes in travel demand and events beyond our control. Our individual leased vacation homes, as well as our leased inventory from hotel and resort partners oftentimes include flexible termination provisions. Together, these approaches enable us to tailor our overall inventory cost structure to meet changing demand.
- **Expert Sales and Service Teams.** We maintain an expert sales and service organization, including sales professionals to welcome new members, relationship-driven member success teams to create the overall Inspirato experience, and vacation experience teams, which includes our planners and on-site concierge teams, to deliver memorable vacations. Each of these teams undergoes regular training to enrich their expertise as luxury hospitality professionals and ambassadors of the Inspirato brand. We believe the high-quality personal service they deliver through connections with our members is a key differentiator separating Inspirato from other hospitality companies.
- **Predictable Subscription Revenue.** Our member base provides predictable, consistent cash flow and stability relative to many traditional hospitality and revenue models. Subscription fees generate recurring revenue. Incentives for upfront prepayment of monthly subscription fees, typically in the form of a waived enrollment fee, travel perks or a free trip, ensure that new members remain paid-members for a minimum period of time, and enhance retention.
- **Multiple Member Journeys.** Inspirato trips can only be booked through our website, iOS application, or member success teams. They cannot be booked through online travel agencies or other third-party channels. In addition, our member success teams and vacation experience teams, which include our on-site concierge staff, assist with trip planning, which is a service many hotel companies do not offer. As a result, we closely engage with our members throughout the entire process for every trip they take e.g., selection to booking, planning, trip duration, checkout and post-trip feedback. We also engage with them through a parallel renewal journey, pro-actively marketing booking promotions, member benefits, upgrade opportunities, and other aspects of our value proposition to maximize their membership value and retention. We believe our deep involvement in these processes gives us greater influence and impact over their member experience than luxury hospitality companies that do not utilize our service approach or a subscription platform.
- **Trusted Luxury Brand, Proprietary Database.** Since 2011, we have made significant investments to build a one-of-a-kind luxury hospitality brand anchored by an innovative subscription platform. At the same time, we have used data-driven marketing to build a proprietary database of affluent individuals who have demonstrated interest in Inspirato.

## Technology

Our technology platform was built for the unique needs of our members; it allows us to quickly adapt to what our members require and delivers deep business intelligence insights to help us manage our platform. It was built to scale and operates through a patented algorithm, which can be adjusted depending on business needs. We believe that this algorithm will enable us to efficiently manage trips with scale to optimize profitability of the inventory.

Our member experiences sit on a technology platform that has allowed for flexibility in our product development strategy. Inspirato has invested significantly for many years in engineering, product, and design in order to build out the platform. We operate a modern technology stack that allows for rapid development and deployment as well as integrations. We have a dedicated engineering team responsible for development and the creation of new features to support our products and services across a full range of devices (desktop, mobile web and native mobile applications). Our engineering teams use an agile development process that allows us to deploy frequent iterative releases for product and service features.

Design has been at the core of everything we do, and it has enabled us to create an intuitive and attractive user interface. Inspirato uses member feedback to optimize the platform and have employees dedicated to supporting members through the booking process. Our members vary in age and technological sophistication, and we believe that our user interface is built for a broad member base.



## **Sales and Marketing**

Our sales and marketing strategy is designed to support new member acquisition, member bookings, and member retention. We rely on a mix of tactics to generate demand for each of these revenue lines, using a full-funnel approach to reach our audiences at multiple stages within each consideration process. These include print, digital and video to build general brand awareness; performance marketing tactics such as direct mail, paid digital media, and paid search; multiple brand urgency campaigns each year to help drive predictable results; and a highly trained team of sales and member success professionals. With all our performance marketing programs for new member acquisition, we use iterative data-driven models developed in partnership with leading data providers to help us target high net worth individuals as potential new members. We have also made significant investment in leading marketing technology such as Salesforce Marketing Cloud, as well as leading marketing member relationship management practices designed to drive sales and marketing alignment.

## **Human Capital**

### ***Our People and Culture***

Inspirato's culture is embodied by our core values: Care, Collaboration, Courage and Curiosity. By staying true to these values, we have created a company where talented people can do great work and drive value for all of our stakeholders. These values guide us in everything we do, from individual everyday tasks to high-level strategic planning. They foster a culture of dialogue, collaboration, recognition, achievement, and sense of community that contributes to our long-term success.

We engage and empower our team with ongoing career and learning and development opportunities. Fostering a growth mindset facilitates a culture where all voices are heard and team members can take informed risks, make mistakes, ask questions, and seek creative solutions to challenges and opportunities. This approach helps us build a strong bench of leaders for tomorrow's business challenges. Continued growth and success will depend on the performance of our current and future employees, including certain key employees. Recruitment and retention of these individuals is vital to growing our business and meeting our business plans. We espouse the principle that all Inspirato team members can bring their whole authentic selves to work each day and thrive.

As of December 31, 2023, we employed approximately 630 team members globally. These employees are highly concentrated in Operations and Sales and Marketing. Our focus on member-facing employees helps us to provide luxury service to our members that we believe is industry-leading.

Importantly, our values and the culture they inspire extend to our relationships with every Inspirato member. We foster a long-term, personal rapport with each Inspirato family, not only to promote our member satisfaction and retention goals, but also to fulfill our mission to inspire lasting memories and relationships by enriching the way our members experience the world. We believe our culture is real, valued, deeply ingrained, and sustained in part by robust and scalable training that helps create consistently positive member interactions and experiences.

We are committed to hiring a diverse workforce. We seek to foster an inclusive environment where everyone feels welcome to be their authentic selves and all voices are heard — an environment that is aligned with our values and that reflects our global community.

Our culture is also one of inclusion. We actively work to dismantle inequities within our policies, systems, programs and services to ensure that Inspirato is a space where everyone feels welcome and comfortable with their identities. We continuously aspire to be a more equitable, safe, and welcoming work environment for all of our team members, and a better advocate to the communities we serve.

## **Seasonality**

Our travel revenues are seasonal, reflecting typical travel behavior patterns of travelers over the course of the calendar year. In a typical year, the first, third, and fourth quarters have higher travel revenues than the second quarter. In addition, some locations may experience a greater impact from seasonality, or different seasonality, than those in other locations. Our subscription services are seasonal to the extent that interest from potential new members tends to also follow travel revenue; however, predictable subscription revenues from existing members are not impacted by seasonality.

## [Table of Contents](#)

Metrics including total revenues, Adjusted EBITDA and Free Cash Flow are also impacted by the timing of holidays and other events. Holidays and other events generally increase the rates we charge for travel which results in higher gross margin. The majority of our costs are relatively fixed across quarters.

### **Intellectual Property**

Our success depends in part on our ability to obtain, maintain, protect, defend, and enforce our intellectual property. We rely on a combination of patent, copyright, trademark, and trade secret laws in the United States and certain other jurisdictions, as well as contractual restrictions, to protect our intellectual property rights. We also license certain software and other intellectual property from third parties for integration into our product solutions, including open-source software and other software available on commercially reasonable terms.

We cannot assure you that any of our pending patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. Our existing patents and any patents that are issued in the future may be contested, circumvented, found unenforceable, narrowed in scope or invalidated, and we may not be able to prevent third parties from infringing, misappropriating or otherwise violating them or any of our other intellectual property rights. Furthermore, our competitors or other third parties may also claim that our technology infringes, misappropriates or otherwise violates their intellectual property rights. With regard to our brand, we have registered “Inspirato” as a trademark in the United States, Canada and certain other countries. In addition to trademark protection, we reserve and register domain names when and where deemed appropriate and are the registered holder of approximately 180 domain names, including “www.Inspirato.com.”

As of December 31, 2023, we have 2 U.S. patents issued covering our subscription-based booking and service tailoring technology. We control access to, and use of, our solutions and other confidential and proprietary information through the use of internal and external controls, including contractual protections with employees, contractors, members, partners, and other third parties. Despite our efforts to protect our trade secrets and proprietary rights through intellectual property rights, licenses, contractual provisions, and confidentiality and invention assignment agreements, unauthorized parties may still copy or otherwise obtain and use our software, technology, trade secrets, or proprietary or confidential information, and such risks may increase as we attempt to expand into jurisdictions where such rights are less easily enforced, or are more subject to reverse engineering or misappropriation due to local legal requirements. For more information, see the section titled “Risk Factors – Risks Related to Intellectual Property and Data Privacy”.

### **Regulatory Compliance**

Our overall business approach and strategy includes rigorous attention to regulatory compliance, as our operations are subject to regulations in the following principal areas, across a wide variety of jurisdictions.

#### ***Property and Accommodations Regulation***

Our business is subject to U.S. and foreign federal, state and local laws and regulations that vary widely by city, country and property type. In many cities, local regulations affect our ability to offer accommodations for specified durations or in certain neighborhoods. Hospitality and transient accommodations operations are also subject to compliance with laws and regulations relating to accessibility, zoning and land use, licensing, permitting and registrations, fire and life safety, environmental and other property condition matters, staffing and employee training and property “star” ratings where required. Additionally, our real estate owners are also responsible for their own compliance with laws, including with respect to their employees, property maintenance and operations, environmental laws and other matters. We monitor regulatory changes in each existing market on an ongoing basis.

Before signing any new leases in a new market, we engage local legal counsel to help identify relevant regulatory requirements. This research includes analysis on licensing and zoning, building code, accessibility and operations requirements, fire and life safety regulations, tax compliance, and local employment laws. Every leased property has unique characteristics, requiring further due diligence and regulatory analysis before each new lease signing.

### ***Privacy and Data Protection Regulation***

In processing travel transactions and information about members and their stays, we receive and store data, including personal information. The collection, storage, processing, transfer, use, disclosure, protection, and other processing of this information are increasingly subject to laws and regulations in numerous jurisdictions around the world, such as the European Union's General Data Protection Regulation ("GDPR") and variations and implementations of that regulation in the member states of the European Union, the UK General Data Protection Regulation and UK Data Protection Act, the Canadian Personal Information Protection and Electronic Documents Act ("PIPEDA") and Canadian provincial legislation, as well as privacy and data protection laws and regulations in various U.S. states and other jurisdictions, such as the California Consumer Privacy Act (as amended by the California Privacy Rights Act), and similar legislation in other states.

The scope of these laws and regulations may change, be subject to differing interpretations, and may be inconsistent among jurisdictions or conflict with other laws and regulations. It is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other laws and regulations or our practices. For more information, see the section titled "Risk Factors – Risks Related to Intellectual Property and Data Privacy – If we fail to comply with federal, state and foreign laws and regulations relating to privacy, data protection and information security, we may face potentially significant liability, negative publicity and an erosion of trust, and increased regulation could materially adversely affect our business, results of operations and financial condition."

### ***Other Regulation***

Our business is subject to various other laws and regulations, involving matters such as income tax and other taxes, consumer protection, online messaging, advertising and marketing, the U.S. Foreign Corrupt Practices Act and other laws governing bribery and other corrupt business activities, and regulations aimed at preventing money laundering or prohibiting business activities with specified countries or persons. As we expand into additional markets, we will be subject to additional laws and regulations.

The regulatory environment in each market is often complex and evolving, and can be subject to significant change. Some relevant laws and regulations are inconsistent and ambiguous, and could be interpreted by regulators and courts in ways that could adversely affect our business, results of operations, and financial condition. Moreover, certain laws and regulations have not historically been applied to an innovative hospitality provider such as us, which often makes their application to our business uncertain. For additional information regarding the laws and regulations that affect our business, see the "Risk Factors" section of this Annual Report on Form 10-K.

### ***Competition***

The market to provide hospitality services is very competitive and highly fragmented. In addition, the barriers to entry are low and new competitors may enter. Our competitors may adopt aspects of our business model or may introduce new business models or services that we may need to adopt or otherwise adapt to in order to compete, which could reduce our ability to differentiate our business or services from those of our competitors. Increased competition could result in a reduction in revenue, fewer attractive properties, higher lease rates, higher costs or reduced market share. We believe we compete primarily on the basis of the quality of our residences, the variety and attractiveness of our residences, and our high-quality member experience that is a result of the services provided by our member success teams and vacation experience teams, which include dedicated concierges and planners. Our current or potential competitors include:

- home-sharing and rental services and short-term vacation rentals such as Airbnb, Vacasa, Sonder, AvantStay, Evolve, Awaze, and Exclusive Resorts;
- global hotel chains such as Hyatt Hotels Corporation, Intercontinental Hotel Group, Marriott International, Radisson Hotel Group, and Wyndham Hotels & Resorts as well as boutique hotel chains and independent hotels; and
- online travel agencies such as Booking Holdings and Expedia Group.

**Corporate Information**

Our principal executive offices are located at 1544 Wazee Street, Denver, Colorado 80202.

The transfer agent and registrar for our common stock and the warrant agent for our warrants is Computershare Trust Company, N.A.

**Available Information**

Our website address is [www.Inspirato.com](http://www.Inspirato.com). Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report on Form 10-K. The U.S. Securities and Exchange Commission (“SEC”) maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov). Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act are also available free of charge on our investor relations website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information contained on the websites referenced in this Annual Report on Form 10-K is not incorporated by reference into this filing. Further, our references to website URLs are intended to be inactive textual references only.

We announce material information to the public through filings with the SEC, the investor relations page on our website, press releases, public conference calls, and webcasts in order to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD. We encourage investors, the media, and others to follow the channels listed above and to review the information disclosed through such channels. Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

## Item 1A. Risk Factors

*This section describes circumstances or events that could have a negative effect on our financial results or operations or that could change, for the worse, existing trends in our businesses. The occurrence of one or more of the circumstances or events described below could have a material adverse effect on our financial condition, results of operations and cash flows and/or on the trading prices of our common stock. The risks and uncertainties described in this Annual Report on Form 10-K are not the only ones facing us. Additional risks and uncertainties that currently are not known to us or that we currently believe are immaterial also may adversely affect our businesses and operations.*

### Risks Related to Our Business and the Industry

***The success of our business depends on our reputation and the strength of our brand.***

Our business depends on our reputation and the strength of our brand as a provider of luxury accommodations and experiences. We believe that the strength of our brand is particularly important to our ability to attract and retain members with at least one active paid member subscription (“Subscription”) and to compete for attractive new properties. Many factors can affect our reputation and the value of our brand, including the quality and location of our properties, the value we provide, our level of service, the safety of our members, our approach to health and cleanliness, publicized incidents in or around our properties, our ability to protect and use our brand and trademarks, the levels of marketing and the prevalence of other luxury accommodations and experiences in the destinations we serve.

In addition, we rely on partners, landlords and third-party service providers and if such partners, landlords and third parties do not perform adequately or terminate their relationships, our brand may be negatively impacted, our costs may increase and our business, financial condition and results of operations could be adversely affected.

***If we fail to retain existing members or add new members, our business, results of operations and financial condition may be materially adversely affected.***

Our ability to grow our operations and revenue is dependent on our ability to retain existing members and add new Subscriptions, and we cannot be sure that we will be successful in these efforts or that member retention levels will not materially decline. There are a number of factors that could lead to a decline in members or that could prevent us from increasing our members, including:

- our failure to deliver offerings that members find attractive;
- our ability to achieve and sustain market acceptance, particularly with respect to *Inspirato Pass*;
- harm to our brand and reputation;
- pricing and perceived value of our offerings;
- members engaging with competitive products and services;
- problems affecting members’ experiences;
- a decline in the public’s interest in luxury travel;
- deteriorating general economic conditions or a change in consumer discretionary spending preferences or trends, including inflation and increases to federal interest rates;
- political, social or economic instability, such as the ongoing geopolitical tensions related to conflicts in the Middle East, Russia’s actions in Ukraine, and other geopolitical events; and
- events beyond our control such as global or regional pandemics and health concerns, increased or continuing restrictions on travel, immigration restrictions, trade disputes and the impact of climate change on travel, including fires, floods, severe weather and other natural disasters and the impact of climate change.

## [Table of Contents](#)

In addition, if our platform is not easy to navigate; members have unsatisfactory sign-up, search, booking or payment experiences on our platform; the content on our platform is not displayed engagingly to members; we are not effective in engaging members across our various offerings and tiers; or we fail to provide an experience in a manner that meets rapidly changing demand, we could fail to acquire first-time members and fail to retain our existing members.

As a result of these factors, we cannot be sure that our member levels will be adequate to maintain or permit the expansion of our operations. A decline in member levels could have an adverse effect on our business, financial condition and operating results.

***Our member support function is critical to the success of our business, and any failure to provide high-quality service could affect our reputation and ability to retain our existing members and attract new members.***

Our ability to provide high-quality support to our members is important for the growth of our business and any failure to maintain such standards of member support, or any perception that we do not provide high-quality service, could affect our ability to attract and retain members. Meeting the support expectations of our members requires significant time and resources from our support team and significant investment in staffing and technology. In particular, many travel reservations made through us include planning assistance, daily housekeeping, related property services and a local concierge to assist members during their travel. If we or our third-party service providers fail to provide these services in a high-quality manner, or these services are not commensurate with those offered by other luxury travel providers such as hotel brands, our brand may be harmed. In addition, we need to be able to provide effective support that meets members' expectations in a variety of countries.

Our local support is performed by a combination of our internal teams and third-party service providers. We rely on our internal teams and these third parties to provide timely, responsive and high-quality service to our members. Reliance on these third parties requires that we provide proper standards for them to meet when interacting with our members and ensure acceptable levels of quality and member satisfaction are achieved.

We rely on information provided by members and are at times limited in our ability to help members resolve issues due to our lack of information or control of local third-party staff. To the extent that members are not satisfied with the timeliness, responsiveness or quality of our support, we may not be able to retain members, and our reputation and brand, as well as our business, results of operations and financial condition, could be materially adversely affected.

Providing support that is timely, responsive and high-quality is costly, and such costs may rise in the future.

***We may not be able to obtain sufficient new and recurring supply of luxury accommodations and experiences or to renew our existing supply of luxury accommodations and experiences.***

We pursue new leases and renew and extend current leases as well as other occupancy arrangements with property owners, resorts, hotels and developers. If we fail to secure or renew leases or other occupancy arrangements for attractive luxury properties, resorts and hotels, we will not be able to expand our portfolio of locations, may not have sufficient properties to satisfy the demands of our members and may not achieve our financial forecasts.

We may not be able to add sufficient properties that meet our brand standards at an acceptable cost to meet our strategic goals and financial forecasts. Due to the number of properties that we have already secured under leases or other occupancy arrangements in many locations and our emphasis on providing a luxury travel experience, we may find it more difficult to find additional attractive properties in those markets. When we identify suitable properties, we may not be able to negotiate leases or other occupancy arrangements on commercially reasonable terms or at all or may incur additional expenses engaging local counsel to assist with lease or other occupancy arrangement negotiations. Our leases and other occupancy arrangements are often complex and require substantial time to negotiate, which makes forecasting our revenue from new properties more difficult. In certain international markets, we have less experience and may not have real estate staff, and local regulations and real estate industry practices (including customary lease provisions and governing law) may make it more difficult to identify properties that are consistent with our brand and standards.

Where we succeed in signing a lease for a new property, the landlord or developer may be unable or unwilling to deliver the property at the time provided for, or we may encounter other unforeseen delays, such as construction delays in the case of new developments or in preparing the property for initial member stays. In addition, the success of any new property will depend on our ability to integrate it into our existing operations and successfully market it to our members. Newly leased properties could be difficult or expensive to onboard, have undisclosed conditions that result in unanticipated expenses or claims against us for which we may have little or no effective recourse against the landlord or otherwise may not provide their anticipated benefits.

## [Table of Contents](#)

In addition to providing luxury accommodations, our business also depends on our ability to provide high-quality, personalized service including travel planning, on-site concierges, daily housekeeping and unique travel experiences. If we are not successful in providing high-quality, luxury experiences to our members, the perceived benefits of Subscriptions may decrease and our business, financial condition and operating results may be adversely impacted.

### ***The relatively long-term and fixed-cost nature of our leases may limit our operating flexibility and could adversely affect our liquidity and results of operations.***

We currently lease most of our properties. Our obligations to landlords under these agreements extend for periods that frequently significantly exceed the duration of Subscriptions, often by many years although many, but not all, of our leases provide us the ability to terminate leases with appropriate notice.

Our leases generally provide for fixed monthly payments that are not tied to occupancy rates or revenues, and our leases typically contain minimum rental payment obligations. As a result, if we are unable to maintain sufficient occupancy rates, or if the rates we are able to charge are not sufficient, our lease expenses may not be sufficiently offset by our revenue from members which may reduce our margins and cash flow.

We have limited flexibility to rapidly alter our portfolio of properties and our lease commitments in response to changing circumstances. Leases require substantial time to negotiate, and there is often a significant delay between a lease signing and the availability of a property to our members.

Moreover, our leases contain a variety of contractual rights and obligations that may be subject to interpretation. Our interpretations of our leases have been, or may be, disputed by landlords, which may result in expensive and disruptive litigation in some instances. Our failure to satisfy our contractual obligations in these leases could result in defaults under the leases. Any default, claim or dispute regarding our leases or our other occupancy arrangements could result in litigation, damage to our reputation, disruption of operations and our members' experiences at the affected property, a requirement that we exit the property earlier than planned and damages or other legal remedies against us, any of which could have a material and adverse effect on our business, results of operations and financial condition.

### ***We face possible risks associated with natural disasters and the physical effects of climate change, which may include more frequent severe storms, hurricanes, flooding, rising sea levels, shortages of water, droughts and wildfires, any of which could have a material adverse effect on our business, results of operations and financial condition.***

We are subject to the risks associated with natural disasters and the physical effects of climate change, which may include more frequent severe storms, hurricanes, flooding, rising sea levels, shortages of water, droughts and wildfires, any of which could have a material adverse effect on our business, results of operations and financial condition. To the extent climate change causes changes in weather patterns, our coastal destinations could experience increases in storm intensity and rising sea levels causing damage to our properties and result in a reduced number of properties in these areas. Climate change may also affect our business by increasing the cost of, or making unavailable, property insurance on terms we or our landlords find acceptable in areas most vulnerable to such events, increasing operating costs, including the cost of water or energy, and requiring us or our landlords to expend funds as they seek to repair and protect their properties in connection with such events. As a result of the foregoing and other climate-related issues, we may be unable to provide properties in certain areas due to climate change, and we may lose both landlords and members, which could have a material adverse effect on our business, results of operations and financial condition.

### ***We lease our properties in a relatively concentrated number of travel destinations, both in the United States and internationally. The relative concentration of our properties in certain areas may expose us to a disproportionate level of risk relating to those areas.***

The location of our properties is relatively concentrated in travel destinations, including areas with possible risks associated with natural disasters and the physical effects of climate change as well as risks associated with local regulatory changes, changes in currency exchange rates and security risks. As a result, we may be disproportionately affected by adverse developments in those areas relative to competitors with more geographically diversified operations.

***The increasing complexity of the hospitality industry may have adverse effects on our business.***

Our business is becoming increasingly complex due in part to the continued evolution of the hospitality industry and changing local and national regulatory requirements. This increased complexity has demanded, and will continue to demand, substantial resources and attention from our management. Our ability to retain existing and attract new members, obtain a sufficient supply of luxury accommodations and experiences, provide high-quality service, execute and integrate acquisitions and adapt to technological change may be impacted due to the increasing complexity of our business. Our business and results of operations may be negatively impacted if we are unable to effectively manage these potential changes.

***The hospitality market is highly competitive, and we may be unable to compete successfully with our current or future competitors.***

The market to provide hospitality services is very competitive and highly fragmented. In addition, the barriers to entry are low and new competitors may enter. Our current or potential competitors include global hotel brands, regional hotel chains, independent hotels, online travel agencies, home-sharing and rental services and short term/vacation rental services. Our competitors may adopt aspects of our business model, which could reduce our ability to differentiate our offerings. Additionally, current or new competitors may introduce new business models or services that we may need to adopt or otherwise adapt to in order to compete, which could reduce our ability to differentiate our business or services from those of our competitors. Increased competition could result in a reduction in revenue, fewer attractive properties, higher lease rates, higher costs or reduced market share.

***Our results of operations are subject to seasonal and other fluctuations.***

We have experienced and may continue to experience significant fluctuations in our results of operations, which make it difficult to forecast our future results. Additionally, the hospitality industry is subject to seasonal and cyclical volatility, which may contribute to fluctuations in our results of operations and financial condition. Based on historical results, we generally expect our revenues to be lower in the second quarter of each year than in each of the three other quarters. In addition, the hospitality industry is cyclical, and demand generally follows the general economy on a lagged basis.

***We rely on consumer discretionary spending and could be impacted by the broad macroeconomic environment.***

Our business is particularly sensitive to trends in the travel, real estate and vacation rental markets and in the general economy, all of which are unpredictable. Travel is significantly dependent on discretionary spending levels. As a result, sales of travel services tend to decline during general economic downturns, recessions and times of political or economic uncertainty as consumers engage in less discretionary spending. Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, could materially and adversely affect our business, financial condition and results of operations.

***We have limited experience with inventory pricing for new products.***

We generate revenue primarily from travel bookings and Subscriptions to our *Inspirato Club* and *Inspirato Pass* offerings. Our Subscriptions provide varying degrees of travel booking rights, and additional bookings and travel-related services are available on an ad-hoc basis.

We have limited experience with our pricing model for newer products, for example *Inspirato Pass*, *IFG*, and *IFB*, and may not accurately predict the long-term rate of member adoption or renewal or the impact these will have on our revenue or results of operations. Further, we may not be successful in operating our member loyalty program, *Rewards*. As the markets for our offerings mature, as we create new offerings or as new competitors introduce competing offerings, we may be unable to attract new members or retain existing members at the same price or based on the same pricing model we have used historically.

***We may not be successful in operating our member loyalty program, Rewards.***

We have limited experience in operating a loyalty program and there can be no assurance that *Rewards* will enhance member loyalty or that, if additional travel is booked with us as a result of *Rewards*, the benefits to us will be sufficient to offset the costs of operating *Rewards*. In operating and accounting for *Rewards*, management makes estimates and assumptions regarding member travel and usage of the associated benefits. Significant change in, or failure by management to reasonably estimate, actual member usage of *Rewards* benefits and associated costs could adversely affect our business. Many travel providers offer loyalty programs and may offer rewards and benefits that are similar to or more attractive than ours. If we fail to differentiate *Rewards* from these other loyalty



[Table of Contents](#)

programs, or if we otherwise curtail or terminate *Rewards* benefits in the future, member loyalty could decrease and our business could be adversely impacted.

***Our success depends on our key personnel and our ability to attract, retain and motivate other highly skilled personnel.***

Our success depends to a significant degree on the retention of our senior management team, key technical, financial and operations employees and other highly skilled personnel. Our success also depends on our ability to identify, hire, develop, motivate, retain and integrate highly qualified and diverse personnel for all areas of our organization. We may not be successful in attracting and retaining qualified personnel to fulfill our current or future needs. Members of our management team or other key employees may terminate their employment with us at any time. For example, we recently experienced significant changes to our leadership team. In March of 2023 we appointed a new Chief Financial Officer and in September of 2023 we appointed a new Chief Executive Officer. Although we believe these leadership changes are in the best interest of our stakeholders, these changes were significant to our business. Any leadership transition and organizational changes may result in loss of personnel with deep institutional or technical knowledge and has the potential to disrupt our operations and relationships with employees and customers due to added costs, operational inefficiencies, decreased employee morale and productivity, and increased turnover. If we experience turnover among our management team or other key employees, it may be difficult to find suitable replacements on a timely basis, on competitive terms or at all.

We face intense competition in local markets for highly skilled personnel to service our members and properties. To attract and retain qualified personnel, we must offer competitive compensation and benefits packages. Job candidates and existing personnel often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to attract and retain highly qualified personnel. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train and integrate such employees, and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts, employee morale, productivity and retention could suffer, which could adversely affect our business, financial condition and results of operations.

***Our success depends on our ability to accurately and effectively update our member's experience within our technology platforms.***

Our member experiences sit on a technology platform that has allowed for flexibility in our product development strategy. We have invested significantly for many years in engineering, product, and design in order to build out the platform and we operate a modern technology stack that allows for rapid development and deployment as well as integrations. We rely on our own internal engineering team as well as third-party software to develop and maintain our technology platforms. We require our technology platform to adapt and scale as we develop new products or change the way current products operate within our technology platforms. If we fail to adapt appropriately or if we are unable to effectively update our technology platforms to keep up with our members' expectations, we may be unable to provide a satisfactory user experience for our members which may result in the loss of memberships or future revenues.

***We rely on third-party payment processors to process payments made by members.***

We rely on a limited number of third-party payment processors and credit card issuers to process payments made by our members. If any of our third-party payment processors terminates its relationship with us, refuses to renew its agreement with us on commercially reasonable terms or places additional constraints on us, such as significant cash reserves beyond our capabilities, we may be unable to accept payments from certain credit cards or would need to find a replacement payment processor and may not be able to secure similar terms or replace such payment processor in an acceptable time frame. Furthermore, the software and services provided by our third-party payment processors may fail to meet our expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions, which could adversely affect our ability to attract and retain members or disrupt our operations.

Nearly all payments made by our members are made by credit card, debit card or through third-party payment services, which subjects us to certain regulations and to the risk of fraud. We may in the future offer new payment options to members that may be subject to additional regulations and risks. We are also subject to a number of other laws and regulations relating to the payments we accept from our members, including with respect to money laundering, money transfers, privacy and information security, and these regulations may differ by locality and can be expected to change over time.

[Table of Contents](#)

***We have a history of net losses and may not be able to achieve or sustain profitability.***

We incurred net losses attributable to Inspirato Incorporated of \$22.2 million, \$24.1 million and \$51.8 million for the years ended December 31, 2021, 2022 and 2023, respectively. As of December 31, 2023, we had an accumulated deficit of \$285.8 million. Our accumulated deficit and net losses attributable to Inspirato Incorporated historically resulted in part from the substantial investments required to grow our business. We expect to continue making investments in our business in the future. These efforts may prove more expensive than currently anticipated, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Further, actions we are taking to review and optimize our business in alignment with our strategic priorities may not be as effective as anticipated. These or similar events may adversely affect our ability to achieve and sustain profitability.

***We may become involved in claims, lawsuits and other proceedings, including those related to potential health and safety issues and hazardous substances at our properties.***

We are involved in various legal proceedings relating to matters incidental to the ordinary course of our business and may be subject to additional legal proceedings from time to time. Legal proceedings can be time-consuming, divert management's attention and resources and cause us to incur significant expenses or liabilities. The expense of litigation and the timing of this expense from period to period are difficult to estimate and subject to change and could adversely affect our financial condition and results of operations. In particular, the international nature of a portion of our operations and the number of countries in which we operate could subject us to increased risk of litigation in foreign jurisdictions, which may be lengthier, costlier or less predictable than comparable litigation in the United States. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes even where we have meritorious claims or defenses. Any of the foregoing could adversely affect our business, financial condition and results of operations.

### **Risks Relating to Financial and Market Matters**

***The price of our common stock has been and may continue to be highly volatile, which may make it difficult for stockholders to sell our common stock when desired or at attractive prices.***

The market price of our common stock is highly volatile and we expect it to continue to be volatile for the foreseeable future. Adverse events including volatility in our operating results, regulatory developments, changes in consumer discretionary spending, and changes in securities analysts' estimates of our financial performance could negatively impact the market price of our common stock. General market conditions, including the level of, and fluctuations in, the trading prices of securities generally could also have a similar negative impact. Further, we are an "emerging growth company" with reduced public company reporting requirements; we have identified material weaknesses in our internal controls related to financial reporting; and we have restated our previously issued condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2022 and June 30, 2022 due to errors in our Consolidated Financial Statements. Each of these factors may cause reduced investor confidence, limit our ability to raise capital and increased volatility to the market price of our common stock. Similar factors could also affect the trading price of our Public Warrants.

***A small number of stockholders have substantial control over the Company.***

A small number of stockholders have substantial control over the Company, and this significant concentration of ownership may have a negative impact on the trading price for our Class A common stock, par value \$0.0001 per share ("Class A Common Stock") because investors often perceive disadvantages in owning stock in companies with controlling stockholders. In addition, these stockholders will be able to exercise influence over all matters requiring stockholder approval, including the election of directors and approval of corporate transactions, such as a merger or other sale of the Company or our assets. This concentration of ownership could limit other stockholders' ability to influence corporate matters and may have the effect of delaying or preventing a change in control, including a merger, consolidation or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change in control would benefit the other stockholders. In addition, should these stockholders sell some or all of their shares, this may negatively impact the market price of Class A Common Stock.

***The Company has Public Warrants that it may amend or redeem.***

We have outstanding certain Public Warrants (as defined in Note 3 to our Consolidated Financial Statements). We may amend the terms of the Public Warrants in a manner adverse to a holder if holders of at least a majority of the then outstanding Public Warrants approve of such amendment. Examples of such amendments could be amendments to, among other things, increase the exercise price

## [Table of Contents](#)

of the Public Warrants, convert the Public Warrants into stock or cash, shorten the exercise period or decrease the number of warrant shares issuable upon exercise of a Public Warrant.

Further, we may redeem outstanding Public Warrants in certain circumstances. Redemption of the outstanding Public Warrants could force warrant holders (i) to exercise their Public Warrants and pay the exercise price at a time when it may be disadvantageous for them to do so, (ii) to sell their Public Warrants at the then-current market price when they might otherwise wish to hold their Public Warrants or (iii) to accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of their Public Warrants.

***We have existing debt and may in the future require additional capital to continue to operate, which might not be available in a timely manner, on acceptable terms or at all. The issuance of additional securities may adversely affect existing stockholders.***

We cannot be certain when or if our operations will generate sufficient cash to fund our ongoing operations or the growth of our business. We intend to make investments to support our current business and may require additional funds to respond to business challenges, including the need to develop new features or enhance our software, improve our operating infrastructure or acquire complementary businesses and technologies. Additional financing may not be available on favorable terms, if at all. If adequate funds are not available on acceptable terms, we may be unable to satisfy existing obligations or invest in our future growth opportunities, which could harm our business, operating results and financial condition. Holders of our debt have rights senior to holders of our Class A Common Stock to make claims on our assets. The terms of any future debt could restrict, and the Note (as defined in Management's Discussion and Analysis of Financial Condition and Results of Operations—"Overview—Capital One Ventures Strategic Partnership and Investment") currently restricts, our operations, including our ability to pay dividends on our Class A Common Stock. If we issue additional equity securities in the future, including pursuant to our 2021 Equity Incentive Plan (the "2021 Plan"), stockholders will experience dilution, and the new equity securities could have rights senior to those of our Class A Common Stock. Because the decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future issuances of debt or equity securities. As a result, stockholders will bear the risk that future issuances of debt or equity securities will reduce the value of their Class A Common Stock and dilute their interest.

Further, servicing our existing and potential future debt, including the Note, may require a significant amount of cash, and we may not have sufficient cash flow from our business to satisfy our obligations. In particular, we may not have the ability to raise the funds necessary to repurchase the Note if and when required under the terms of the Note, and our future debt may contain limitations on our ability to repurchase the Note. The Note and related documents contain restrictions that will limit our flexibility in operating our business and the issuance of our Common Stock upon conversion of the Note could be significantly dilutive and may depress the market price of our Class A Common Stock.

***There can be no assurance that our securities will continue to be listed on Nasdaq or that will be able to comply with the continued listing standards of Nasdaq.***

Our Class A Common Stock and Public Warrants are listed on Nasdaq under the symbols "ISPO" and "ISPOW," respectively.

Operating as a public company requires us to incur substantial costs and substantial management attention. In addition, key members of our management team have limited experience managing a public company. Further, there can be no assurance that our securities will continue to be listed on Nasdaq or that will be able to comply with the continued listing standards of Nasdaq. From February 2022 through September 2023, we received four notices from Nasdaq that we were not in compliance with various Nasdaq listing standards, including standards relating to the minimum number of stockholders, failure to file Exchange Act reports in a timely manner, the failure to maintain the minimum trading price of our Class A Common Stock and having a majority of our directors be independent. Although we have been able to regain compliance with each of these standards, our ability to continue to satisfy all relevant standards is uncertain. In addition, in November 2023, we received a notice from Nasdaq that we were no longer in compliance with the Nasdaq listing standard relating to the minimum market value of publicly held shares. Under applicable Nasdaq rules, the Company will have 180 calendar days from the date of the Notice, or until May 28, 2024, to regain compliance by meeting the continued listing requirements.

If Nasdaq delists the Company's securities from trading on its exchange for failure to meet the listing standards, the Company and our stockholders could face significant negative consequences including:

- limited availability of market quotations for the Company's securities;

## [Table of Contents](#)

- a determination that our Class A Common Stock is a “penny stock” which will require brokers trading in our Class A Common Stock to adhere to more stringent rules,
- a possible reduction in the level of trading activity in the secondary trading market for shares of our Class A Common Stock;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

### ***Our management has identified material weaknesses in our internal control over financial reporting.***

Our management has identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls or effective disclosure controls and procedures, which may result in material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations. Further, the material weaknesses in our internal control may result in challenges related to the completeness and accuracy of data used for internal decision making and external reporting as well as the failure to monitor key performance indicators to understand financial performance and make sound business decisions.

Due to errors in our Consolidated Financial Statements related to material weaknesses in our internal control over financial reporting, we restated our previously issued condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2022 and June 30, 2022, which resulted in unanticipated costs and may have adversely affected investor confidence, our stock price, our ability to raise capital in the future and our reputation, and has resulted in stockholder litigation and may result in more stockholder litigation or regulatory actions. In particular, on February 16, 2023, a class action lawsuit was filed in the U.S. District Court in the District of Colorado captioned *Keith Koch, Individually and on behalf of all others similarly situated v. Inspirato Incorporated, Brent Handler, and R. Webster Neighbor* to recover damages allegedly caused by violations of federal securities law in connection with the restatements. Other potential plaintiffs may also file additional lawsuits in connection with the restatement. The outcome of any such litigation is uncertain. The defense or settlement of this litigation and any future additional litigation could be time-consuming and expensive, divert the attention of management away from our business, and, if any litigation is adversely resolved against us, could have a material adverse effect on our financial condition. Any additional regulatory consequences, litigation, claim or dispute, whether successful or not, could subject us to additional costs, divert the attention of our management, or impair our reputation. Each of these consequences could have a material adverse effect on our business, results of operations and financial condition.

### **Risks Related to Our Organizational Structure**

#### ***Our principal asset is our controlling interest in Inspirato LLC, and we are dependent upon Inspirato LLC and its consolidated subsidiaries for our results of operations, cash flows and distributions.***

We are a holding company and have no material assets other than our ownership of limited liability company interests of Inspirato LLC (the “New Common Units”). As such, we have no independent means of generating revenue or cash flow, and our ability to pay taxes and operating expenses, including payments under the tax receivable agreement discussed below (the “Tax Receivable Agreement”), or declare and pay dividends in the future, if any, are dependent upon the results of operations and cash flows of Inspirato LLC and its consolidated subsidiaries and distributions we receive from Inspirato LLC. Subject to the obligation of Inspirato LLC to make tax distributions and to reimburse us for corporate and other overhead expenses, the Inspirato LLC Board will have the right to determine when distributions will be made to the Inspirato LLC unitholders and the amount of any such distributions. If the Inspirato LLC Board authorizes a distribution, such distribution will be made to the Inspirato LLC unitholders, including the Company, on a pro rata basis in accordance with their respective percentage ownership of New Common Units. However, we are not required to distribute any corresponding amounts as dividends to the holders of our Class A Common Stock. Further, because the Company may have liabilities for taxes under the Tax Receivable Agreement or otherwise, any amounts we may distribute as dividends to the holders of our Class A Common Stock could be less on a per share basis than the amounts distributed by Inspirato LLC to the holders of New Common Units on a per unit basis.

[Table of Contents](#)

***We are required to pay the Continuing Inspirato Members and Blocker Stockholders for certain tax benefits we may claim, and it is expected that the payments we are required to make may be substantial.***

Exchanges or redemptions of New Common Units for cash or shares of our Class A Common Stock are expected to produce favorable tax attributes for the Company. When the Company acquires New Common Units from Members of Inspirato LLC other than blocker corporations affiliated with certain institutional investors (the “Blockers”, and the other Members of Inspirato LLC, the “Continuing Inspirato Members”) through these exchanges or redemptions, anticipated tax basis adjustments are likely to increase (for tax purposes) our depreciation and amortization deductions and therefore reduce the amount of income tax we would be required to pay in the future in the absence of this increased basis. This increased tax basis may also decrease the gain (or increase the loss) on future dispositions of certain assets to the extent the tax basis is allocated to those assets. Under the Tax Receivable Agreement, we generally expect to retain the benefit of 15% of the applicable tax savings after our payment obligations as described below are taken into account.

Under the Tax Receivable Agreement, we generally will be required to pay to the stockholders of the Blockers (the “Blocker Stockholders”) or Continuing Inspirato Members, as applicable, 85% of the tax savings that we realized as a result of increases in tax basis in Inspirato LLC’s assets resulting from the sale of New Common Units for the consideration paid pursuant to the Business Combination Agreement (as that term is defined in Note 1 to our Consolidated Financial Statements) and the exchange of New Common Units for shares of our Class A Common Stock (or cash), and certain pre-existing tax attributes of the Blocker Stockholders, as well as certain other tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement.

The increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges or redemptions, the price of Class A Common Stock at the time of the exchange or redemption, whether such exchanges or redemptions are taxable, the amount and timing of the taxable income we generate in the future, the U.S. federal and state tax rates then applicable, and the portion of our payments under the Tax Receivable Agreement constituting imputed interest. Payments under the Tax Receivable Agreement are expected to give rise to certain additional tax benefits attributable to either further increases in basis or in the form of deductions for imputed interest, depending on the circumstances. Any such benefits are covered by the Tax Receivable Agreement and will increase the amounts due thereunder.

We anticipate that the payments that we will be required to make under the Tax Receivable Agreement may be substantial. To the extent that we are unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore may accelerate additional payments due under the Tax Receivable Agreement. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that may be deemed realized under the Tax Receivable Agreement.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that the Company determines. Although we are not aware of any issue that would cause the U.S. Internal Revenue Service, or IRS, to challenge a tax basis increase or other tax attributes subject to the Tax Receivable Agreement, if any subsequent disallowance of tax basis or other benefits were so determined by the IRS, generally it would not be reimbursed for any payments previously made under the Tax Receivable Agreement (although it would reduce future amounts otherwise payable under the Tax Receivable Agreement). As a result, payments could be required under the Tax Receivable Agreement in excess of the tax savings that the Company realizes in respect of the attributes to which the Tax Receivable Agreement relate.

***The amounts that we may be required to pay under the Tax Receivable Agreement may be accelerated in certain circumstances and may also significantly exceed the actual tax benefits that we ultimately realize.***

The Tax Receivable Agreement provides that if certain mergers, asset sales, other forms of business combination, or other changes of control were to occur or if, at any time, the Company elects an early termination of the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor’s obligations, to make future payments under the Tax Receivable Agreement would accelerate and become immediately due and payable. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combination or other changes of control. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

[Table of Contents](#)

***Generally, we will not be reimbursed for any payments made under the Tax Receivable Agreement in the event that any tax benefits are disallowed.***

If the IRS challenges the tax basis or other tax attributes that give rise to payments under the Tax Receivable Agreement and the tax basis or other tax attributes are subsequently required to be adjusted, generally the recipients of payments under the Tax Receivable Agreement will not reimburse us for any payments previously made to them. Instead, any excess cash payments made by the Company under the Tax Receivable Agreement will be netted against any future cash payments that the Company might otherwise be required to make under the terms of the Tax Receivable Agreement. However, a challenge to any tax benefits initially claimed by the Company may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that the Company might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments to net against. The applicable U.S. federal income tax rules are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with our tax reporting positions. As a result, it is possible that we could make cash payments under the Tax Receivable Agreement that are substantially greater than our actual cash tax savings.

***Changes in our effective tax rate could harm our future operating results.***

The Company is subject to federal and state income taxes in the U.S. and in various international jurisdictions. Our provision for income taxes and our effective tax rate are subject to volatility and could be adversely affected by several factors, including:

- earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates;
- effects of certain non-tax-deductible expenses, including those arising from the requirement to expense stock-based compensation;
- changes in the valuation of our deferred tax assets and liabilities;
- adverse outcomes resulting from any tax audit, including transfer pricing adjustments with respect to intercompany transactions;
- limitations on our ability to utilize our net operating losses and other deferred tax assets; and
- changes in accounting principles or changes in tax laws and regulations, or the application of tax laws and regulations, including those relating to income tax nexus or possible U.S. changes to the deductibility of expenses attributable to foreign income or the foreign tax credit rules.

Significant judgment is required in the application of accounting guidance relating to uncertainty with respect to income taxes. If tax authorities challenge our (including Inspirato LLC's) tax positions, any such challenges that are settled unfavorably could adversely impact our provision for income taxes. Additionally, as the Inspirato LLC Members continue to exchange their New Common Units for shares of our Class A Common Stock, we will be responsible for a greater share of the tax payments due as a result of Inspirato LLC's operations.

***Our structure and intercompany arrangements cause us to be subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which could materially adversely affect our business, financial condition, results of operations and prospects.***

We generally conduct our international operations through wholly-owned subsidiaries and are or may be required to report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by tax authorities in various jurisdictions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of such jurisdictions, including the U.S., to our international business activities, changes in tax rates, new or revised tax laws, interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our structure and intercompany arrangements. The relevant tax authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

## [Table of Contents](#)

If existing tax laws, rules or regulations are amended, or if new unfavorable tax laws, rules or regulations are enacted, including with respect to occupancy, sales, value-added, excise, withholding or revenue-based taxes, unclaimed property or other tax laws applicable to multinational businesses, the results of these changes could increase our tax liabilities. Possible outcomes include double taxation, multiple levels of taxation, or additional obligations, prospectively or retrospectively, including the potential imposition of interest and penalties. If such costs are passed on to our members, demand for our products and services could decrease, or there could be increased costs to update or expand our technical or administrative infrastructure, or the scope of our business activities could be effectively limited should we decide not to conduct business in particular jurisdictions.

We are subject to federal, state and local income, sales and other taxes in the U.S. and income, withholding, transaction and other taxes in numerous foreign jurisdictions. Evaluating our tax positions and our worldwide provision for taxes is complicated and requires exercising significant judgment. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles, and interpretations. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could differ materially from our historical tax provisions and accruals, which could have an adverse effect on our results of operations or cash flows in the period or periods for which a determination is made. There is also a high level of uncertainty in today's tax environment stemming from both global initiatives and unilateral measures being implemented by various countries due to a lack of consensus on these global initiatives.

***Tax authorities may successfully assert that we should have collected, or in the future should collect, sales and use, value added or similar taxes, and we could be subject to substantial liabilities with respect to past or future sales, which could materially adversely affect our business, financial condition and results of operations.***

We currently collect and remit applicable sales taxes and other applicable transfer taxes in jurisdictions where we, through our employees or economic activity, have a presence and where we have determined, based on applicable legal precedents, that our business activities are classified as taxable. We do not currently collect and remit state and local excise, utility user, or ad valorem taxes, fees or surcharges in jurisdictions where we believe we do not have sufficient "nexus." The application of indirect taxes, such as sales and use, value added, goods and services, business, and gross receipts taxes, to businesses that transact online, such as ours, is a complex and evolving area. There is uncertainty as to what constitutes sufficient nexus for a state or local jurisdiction to levy taxes, fees and surcharges on sales made over the Internet, and there is also uncertainty as to whether our characterization of our traveler accommodations in certain jurisdictions will be accepted by state and local tax authorities. It is possible that we could face indirect tax audits and that one or more states, local jurisdictions or foreign tax authorities could seek to impose additional indirect or other tax collection and record-keeping obligations on us or may determine that such taxes should have, but have not been, paid by us.

There are substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous markets in which we conduct or may conduct business. The application of existing or future indirect tax laws, whether in the U.S. or internationally, or the failure to collect and remit such taxes, could materially adversely affect our business, financial condition and results of operations.

## **Risks Related to Intellectual Property and Data Privacy**

***We face risks related to our intellectual property.***

Our intellectual property is important to our success, and we rely on domain name registrations, registered and unregistered trademarks, copyright law, trade secret protection and confidentiality and/or license agreements with our employees, third party providers, partners and others to protect our proprietary rights. We have also applied for patent rights with respect to certain aspects of our technology. We endeavor to defend our intellectual property rights diligently, but intellectual property litigation is expensive and time-consuming and may divert managerial attention and resources from our business objectives. We may not be able to successfully defend our intellectual property rights, which could have a material adverse effect on our business, brand and results of operations.

From time to time, in the ordinary course of business, we may be subject to legal proceedings and claims relating to the intellectual property rights of others, and we expect that third parties will continue to assert intellectual property claims, in particular trademark claims, against us. Successful claims against us could result in a significant monetary liability or prevent us from operating our business or portions of our business. In addition, resolution of claims may require us to obtain licenses to use intellectual property rights belonging to third parties, which may be expensive to procure, or to cease using those rights altogether. Any of these events could have a material adverse effect on our business, results of operations and financial condition.

[Table of Contents](#)

***Our technology contains third-party open-source software components, and failure to comply with the terms of the underlying open-source software licenses could restrict our ability to operate as intended or could increase our costs.***

Certain of our owned and third-party technology contains software modules licensed to us by third-party authors under “open-source” licenses. Use and distribution of open-source software may entail greater risks than use of third-party commercial software, as open-source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. In addition, the public availability of such software may make it easier for others to compromise or copy our technology.

Some open-source licenses contain requirements that could obligate us to make available source code for modifications or derivative works we create based upon the type of open-source software we use or grant other licenses to our intellectual property. If we combine our proprietary software with open-source software in a certain manner, we could, under certain open-source licenses, be required to release the source code of our proprietary software to the public. This may allow our competitors to create similar offerings with lower development time and effort and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software.

Although we monitor our use of open-source software to avoid subjecting our technology to conditions we do not intend, the terms of many open-source licenses have not been interpreted by U.S. or foreign courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our technology. From time to time, there have been claims challenging the use of open-source software against companies that incorporate open-source software into their solutions. As a result, we could be subject to lawsuits by parties claiming violation by us of the terms of an open-source license or ownership of what such parties believe to be their open-source software. Moreover, we cannot provide assurance that our processes for controlling our use of open-source software in our technology will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open-source software license, we could face infringement or other liability or be required to seek costly licenses from third parties to continue providing our offerings on terms that may not be economically feasible, re-engineer our technology, discontinue or delay the provision of our offerings if re-engineering could not be accomplished on a timely basis or make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition and results of operations.

***Our storage, use, disclosure and other processing of personal data exposes us to risks of internal or external security incidents and breaches and could give rise to liabilities and/or damage to reputation.***

The security of data when engaging in electronic commerce is essential to maintaining consumer confidence. Among other things, we may collect members’ credit card data, proof of identity and other Personal Identifiable Information (“PII”) as part of our business process. Additionally, we collect and process other personal information, such as the PII of our employees and contractors, and we process and maintain other confidential and proprietary information, such as our confidential and proprietary business information. Cyberattacks and other attempts to obtain unauthorized access to systems or data by individuals, groups of hackers and state-sponsored organizations are increasing in frequency and sophistication and are constantly evolving. Because our members are generally high-income or high net-worth individuals, we may be particularly attractive as a target for cyberattacks and other attacks. Security incidents and breaches may also occur due to misuse or misappropriation of members’ PII by employees or third-party contractors. Additionally, we make use of third-party service providers to store and otherwise process data on our behalf, and they face similar risks of security incidents and breaches and may suffer from security vulnerabilities or malicious code and may introduce them to our systems. Any security incident, breach or other cyberattack, whether instigated internally or externally on our systems or third-party systems, or the perception that any such breach or incident has occurred, could significantly harm our reputation and therefore our business, brand, market share and results of operations. It is possible that computer circumvention capabilities, new discoveries or advances (e.g., Artificial Intelligence (“AI”)) or other developments, including our own acts or omissions, could result in a compromise of systems used in our business or a security incident or breach impacting member data or other data stored or processed by us or on our behalf. For example, malicious actors may attempt to fraudulently induce employees, contractors, travel service provider partners or consumers to disclose usernames, passwords or other sensitive information (“phishing”), which may in turn be used to access our information technology systems, defraud our partners or members, encrypt our systems so they cannot be used until we pay a ransom (“ransomware”) or use our processing power for the mining of cryptocurrencies (“cryptojacking”). Third parties may also attempt to take over members’ accounts by using passwords, usernames and other personal information obtained elsewhere (“social engineering”). We have experienced targeted and organized phishing and social engineering attacks and may experience more in the future. These risks are likely to increase as we expand our business and store and process more data, including personal information. Our efforts to protect information from unauthorized access may be unsuccessful or may result in the rejection



## [Table of Contents](#)

of legitimate attempts to book reservations, each of which could result in lost business and have a material adverse effect on our business, reputation and results of operations.

Our existing security measures may not be successful in preventing security incidents or breaches. A party (whether internal, external, an affiliate or unrelated third party) that is able to circumvent our security systems could gain unauthorized access to our systems and steal, modify, encrypt or otherwise render unavailable, destroy, disclose or otherwise without authorization process member information, transaction data or other information. In the last several years, major companies experienced high-profile security breaches that exposed their systems and information and/or their consumers' or employees' PII, and it is expected that these types of events will continue to occur. It is virtually impossible for us to eliminate these risks, particularly as the frequency and sophistication of cyberattacks increases. For example, cybersecurity researchers have warned of potential increases in cyberattack activity in connection with Russia's activities in Ukraine. Additionally, the security risks we and our third-party service providers face are heightened by many of our respective employees and service providers working remotely. Security incidents or breaches, including ransomware attacks and other cyberattacks and attacks introducing other types of malicious code, could result in severe disruptions of and damage to our information technology infrastructure, including damage that could impair our ability to book stays, collect payments or otherwise operate our business, or the ability of consumers to make reservations or access our properties or in-room features and services, as well as loss or other unauthorized processing of member, financial or other data that could materially and adversely affect our ability to conduct our business or satisfy our commercial obligations. Cybersecurity incidents or breaches, or the perception that any of these has occurred, could also result in negative publicity, damage our reputation, expose us to risk of loss or litigation and possible liability, subject us to regulatory investigations and other proceedings, penalties and sanctions or cause consumers to lose confidence in our security and not use our services, any of which may have a negative effect on our brand, market share, results of operations and financial condition. Our insurance policies have coverage limits which may not be adequate to reimburse us for all losses caused by security incidents or breaches.

We also face risks associated with security incidents and breaches affecting third parties conducting business over the Internet. Consumers generally are concerned with security and privacy on the Internet, and any publicized security problems could negatively affect consumers' willingness to provide private information or affect online commercial transactions generally. Additionally, our members could be affected by security incidents and breaches at third parties such as travel service providers. A security incident or breach impacting any such third party could be perceived by consumers as a security breach or incident impacting our systems and could result in negative publicity, subject us to notification requirements, damage our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions. In addition, such third parties may not comply with applicable disclosure requirements, which could expose us to liability.

***If we fail to comply with federal, state and foreign laws and regulations relating to privacy, data protection and information security, we may face potentially significant liability, negative publicity and an erosion of trust, and increased regulation could materially adversely affect our business, results of operations and financial condition.***

In our processing of travel transactions and information about members and their stays, we receive and store data, including personal data and other data relating to individuals. Numerous federal, state, local and international laws and regulations relate to privacy, data protection, information security and the storing, sharing, use, transfer, disclosure protection and other processing of personal information and other content, the scope of which are changing, subject to differing interpretations, and may be inconsistent among jurisdictions or conflict with other rules. These laws and regulations relating to privacy, data protection and information security are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. For example, the General Data Protection Regulation (the "GDPR") promulgated by the European Union (the "EU") provides for penalties for noncompliance of up to the greater of €20 million or four percent of worldwide annual revenues. The Court of Justice of the European Union ("the CJEU") decision to not recognize the U.S. – EU Privacy Shield and other future legal challenges also could result in Inspirato being required to implement duplicative, and potentially expensive, information technology infrastructure and business operations or could limit our ability to collect or process personal information in Europe or other regions, may necessitate additional contractual negotiations and may serve as a basis for our personal data handling practices, or those of our service providers or other third parties we work with, to be challenged. Any of these or other changes or developments impacting cross-border data transfers could disrupt our business and otherwise adversely impact our business, financial condition and operating results.

The number of data protection laws globally is rising as more jurisdictions explore new or updated comprehensive data protection regimes or propose or enact other laws or regulations addressing local storage of data or other matters.

## [Table of Contents](#)

In the U.S., the California Consumer Privacy Act (the “CCPA”) went into effect on January 1, 2020. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and afford such consumers new abilities to access and delete their personal information and to opt-out of certain sales of personal information. The California Privacy Rights Act (the “CPRA”), which became effective January 1, 2023, significantly modifies the CCPA and further aligns California privacy laws with the GDPR.

Similar legislation has been proposed or adopted in other states. For example, Virginia, Colorado, Utah, and Connecticut have all enacted omnibus privacy legislation that went into effect in 2023. These state laws in Virginia, Colorado, Utah and Connecticut share similarities with the CCPA, CPRA and legislation proposed in other states. Aspects of the CCPA, the CPRA and these other state laws and regulations, as well as their enforcement, remain unclear. Additionally, the U.S. federal government is contemplating data security and privacy legislation.

We will need to closely monitor developments, including enforcement actions or private litigation under the GDPR, CCPA, CPRA and other laws to determine whether we will need to modify our data processing practices and policies, which may result in us incurring additional costs and expenses in an effort to comply.

We are also subject to the terms of our privacy policies and contractual obligations to third parties related to privacy, data protection and information security and may be subject to other actual or asserted obligations, including industry standards, relating to privacy, data protection and information security. We strive to comply with applicable laws, regulations, policies and other legal obligations relating to privacy, data protection and information security to the extent possible. However, the regulatory frameworks for privacy, data protection and information security worldwide are evolving rapidly, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices.

Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to members or other third parties, applicable laws or regulations or any of our other legal obligations could materially adversely affect our business.

Additionally, if third parties we work with, such as subprocessors, vendors or developers, violate applicable laws or regulations, contractual obligations or our policies, or if it is perceived that such violations have occurred, such actual or perceived violations may also have an adverse effect on our business. Further, any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security, disclosure or other processing of data, or regarding the manner in which the express or implied consent of users for the collection, use, retention, disclosure or other processing of data is obtained, could increase our costs and require us to modify our business practices.

### ***Cybersecurity incidents could have adverse effects on our business.***

We have implemented enhanced security measures to safeguard our systems and data, and we intend to continue implementing additional measures in the future. Our measures may not be sufficient to maintain the confidentiality, security, or availability of the data we collect, store, and use to operate our business. Security measures implemented by our service providers or other third parties or their service providers also may not be sufficient. Efforts to hack or circumvent security measures, efforts to gain unauthorized access to, exploit or disrupt the operation or integrity of our data or systems, failures of systems or software to operate as designed or intended, viruses, “ransomware” or other malware, “supply chain” attacks, “phishing” or other types of business communications compromises, operator error, or inadvertent releases of data could impact our information systems and records or those of our service providers or other third parties. Security measures, no matter how well designed or implemented, may only mitigate and not fully eliminate risks, and security events, when detected by security tools or third parties, may not always be immediately understood or acted upon. Our reliance on computer, Internet-based, and mobile systems and communications, and the frequency and sophistication of efforts by third parties to gain unauthorized access or prevent authorized access to such systems, have greatly increased in recent years. Our increased reliance on cloud-based services and on remote access to information systems increases our exposure to potential cybersecurity incidents. Any significant theft of, unauthorized access to, compromise or loss of, loss of access to, or fraudulent use of member or our data could adversely impact our reputation and could result in legal, regulatory and other consequences, including remedial and other expenses, fines, or litigation.

Depending on the nature and scope of the event, compromises in the security of our information systems or those of our service providers or other third parties or other future disruptions or compromises of data or systems, could lead to future interruptions in, or other adverse effects on, the operation of our systems or those of our service providers or other third parties. This could result in operational interruptions and/or outages and a loss of profits, as well as negative publicity and other adverse effects on our business,

[Table of Contents](#)

including lost sales, loss of consumer confidence, boycotts, reduced enrollment and/or participation in our loyalty program, litigation, diminished satisfaction, and/or retention and recruiting difficulties, all of which could materially affect our market share, reputation, business, financial condition and operating results.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

The Company understands the importance of preventing, assessing, identifying, and managing material risks associated with cybersecurity threats. Cybersecurity processes to manage risks from cybersecurity threats have been incorporated as a part of the Company's overall risk assessment process. These cybersecurity processes, technologies, and controls to assess, identify, and manage material risks have been incorporated into our operations.

To manage our material risks from cybersecurity threats and to protect against, detect, and prepare to respond to cybersecurity incidents, and claims we undertake the below listed activities:

- Monitor emerging cybersecurity and data protection laws and implement changes to our processes to comply;
- Conduct periodic customer data handling and use requirement training for our employees;
- Conduct annual cybersecurity management and incident training for employees involved in our systems and processes that handle sensitive data;
- Conduct regular phishing email simulations for all employees;
- Carry cyber liability insurance that provides resources and protection against potential losses arising from a cybersecurity incident; and
- Maintain a Technical Review Committee which evaluates all third-party technology partners, including their security posture and controls, before we engage with them.

Our incident response plan coordinates the activities that we and our cyber liability insurance carrier and associated services e.g., incident response team, breach coach, forensics, etc. take to prepare, respond, and recover from cybersecurity incidents, which include processes to assess severity, investigate, escalate, contain, and remediate an incident, as well as to comply with potentially applicable legal obligations and mitigate brand and reputational damage.

We describe whether and how risks from identified cybersecurity threats have or that are reasonably likely to affect our financial position, results of operations and cash flows, included as part of our Item 1A. Risk Factors of this Annual Report on Form 10-K, which disclosures are incorporated by reference herein.

We have a cross-functional management team to participate in our "Cybersecurity Risk Committee" (the "Committee"), comprised of Legal, Cybersecurity Operations, Risk Management, Finance and Accounting and Information Technology. The Committee is responsible for assessing and managing all aspects of our Cybersecurity Program, including the evaluation of various cybersecurity risks and the continued enhancement of our processes and procedures to manage these risks and respond to any confirmed cyberattacks. The Committee also works with various third-party cybersecurity experts to ensure industry best practices. The Committee reports regularly to the Audit Committee of the Board, covering current and future planned processes in place to prevent, detect, mitigate and remediate any cybersecurity incidents.

**Item 2. Properties**

We are headquartered in Denver, Colorado, where we have lease commitments for approximately 44,715 square feet. We have taken measures to improve the efficiency standards of our corporate office, including reducing waste, water, and power.

**Item 3. Legal Proceedings**

From time to time, we may become involved in litigation or other legal proceedings arising in the ordinary course of our business. Except as described below, we are not currently a party to any material litigation or legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors.

***Class Action Complaint Relating to Restatement***

On February 16, 2023, a class action lawsuit was filed in the U.S. District Court in the District of Colorado captioned Keith Koch, Individually and on behalf of all others similarly situated v. Inspirato Incorporated, Brent Handler, and R. Webster Neighbor. The complaint alleges violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder against all defendants, and Section 20(a) of the Exchange Act against the individual defendants. The complaint seeks certification as a class action and an unspecified amount of damages, attorneys' fees, expenses, and other costs. The complaint generally alleges that certain of our prior public statements about our results of operations and financial condition were materially false and misleading because they misrepresented and failed to disclose adverse facts pertaining to the restatement of our unaudited Consolidated Financial Statements as of and for the three months ended March 31, 2022 and June 30, 2022.

**Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market Information

Our Class A Common Stock has been listed on the NASDAQ Global Select Market under the symbol "ISPO". There is no public market for our Class B or Class V Common Stock.

#### Holders of Record

As of March 8, 2024, there were approximately 35 holders of record of our Class A Common Stock, par value \$0.0001 per share, 35 holders of record of our Class V common stock, par value \$0.0001 per share ("Class V Common Stock"), 1 holder of record of our Warrants and no holders of record of our Class B Non-Voting common stock, par value \$0.0001 per share ("Class B Non-Voting Common Stock"). These numbers do not include "street name" or beneficial holders, whose shares are held of record by banks, brokers, financial institutions, and other nominees.

#### Dividend Policy

We have not paid any cash dividends on our shares of common stock to date. The payment of cash dividends in the future will be dependent upon our revenue and earnings, if any, capital requirements and general financial condition. The payment of any dividends will be within the discretion of our then board of directors. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors does not anticipate declaring any dividends in the foreseeable future.

#### Recent Sales of Unregistered Securities and Use of Proceeds

None.

#### Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item regarding securities authorized for issuance under equity compensation plans is incorporated herein by reference to Item 12. of Part III of this Annual Report.

#### Issuer Purchase of Equity Securities

None.

#### Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act.

[Table of Contents](#)

The graph below compares the cumulative total stockholder return on our Class A Common Stock with the cumulative total return on the S&P 500 Index (S&P 500) and the S&P 500 Information Technology Index (S&P 500 IT). The graph assumes \$100 was invested at the market close on February 11, 2022, which was the first day our Class A Common Stock began trading (which, prior to the Closing were shares of Class A common stock of Thayer). Data for the S&P 500 Index and S&P 500 Information Technology Index assume reinvestment of dividends. The graph uses the closing market price on February 11, 2022 of \$191.00 per share as the initial value of our Class A Common Stock. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A Common Stock.



**Item 6. [Reserved]**

**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*You should read the following discussion and analysis of our financial condition and results of operations together with our audited Consolidated Financial Statements and related notes thereto included elsewhere in this Annual Report on Form 10-K. This section of this Annual Report on Form 10-K generally discusses 2022 and 2023 items and year-to-year comparisons between 2022 and 2023. Discussions of 2021 items and year-to-year comparisons between 2021 and 2022 are not included in this Annual Report on Form 10-K, and can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.*

*This discussion includes both historical information and forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the sections titled “Risk Factors” and “Special Note Regarding Forward-Looking Statements” included elsewhere in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. Unless otherwise indicated or the context otherwise requires, references in this Management’s Discussion and Analysis of Financial Condition and Results of Operations section to “Inspirato,” “we,” “us,” “our” and other similar terms refer to Inspirato LLC prior to the Business Combination and to Inspirato Incorporated and its consolidated subsidiaries after giving effect to the Business Combination.*

## OVERVIEW

Inspirato Incorporated and its subsidiaries (collectively the “Company”, “Inspirato”, “we”, or “our”) is a subscription-based luxury travel company that provides exclusive access to a managed and controlled portfolio of curated vacation options, delivered through an innovative model designed to ensure the service, certainty and value that discerning customers demand. The Inspirato portfolio includes branded luxury vacation homes, accommodations at five-star hotel and resort partners and custom travel experiences.

For travelers, we offer access to a diverse portfolio of vacation options that includes approximately 450 private luxury vacation homes available to our customers, and accommodations at over 250 luxury hotel and resort partners in over 180 destinations around the world as of December 31, 2023. Our portfolio also includes *Inspirato Only* experiences, featuring one-of-a-kind luxury safaris, cruises and other experiences with Inspirato-only member lists along with *Bespoke* trips, which offer custom-designed “bucket list” itineraries. Every Inspirato trip comes with our personalized service envelope — including pre-trip planning, on-site concierge and daily housekeeping — designed to meet the needs of discerning travelers and drive exceptional customer satisfaction.

### Our Loyalty Program

In August of 2023, we launched *Inspirato Rewards* (“*Rewards*”), our member loyalty program that supports our diverse portfolio of curated luxury vacation options for members with at least one active paid member subscription (“*Subscription*”). *Rewards* is designed to incentivize repeat business by rewarding members with exclusive discounts and benefits based on their activity with us. Members who earn one of the three *Rewards* statuses may earn, depending on their status, extra savings on *Club* bookings; early access to new property releases, new *Experiences* and year-end festive dates; and complementary nights, among other benefits.

### Capital One Ventures Investment and Strategic Partnership

In August of 2023, we entered into the Investment Agreement with an affiliate of Capital One, providing for a \$25.0 million strategic investment by Capital One in the Company through the private placement of an 8% Senior Secured Convertible Note due 2028 (the “*Note*”). On September 29, 2023, we sold and issued the *Note*. The total net proceeds from this offering were approximately \$23.1 million, after deducting \$1.9 million of debt issuance costs.

The *Note* is an unsubordinated secured obligation of the Company. The *Note* is secured by a first priority security interest in substantially all of Inspirato Incorporated’s and its domestic subsidiaries’ assets. The *Note* is fully and unconditionally guaranteed by certain existing and future domestic subsidiaries of the Company. The *Note* bears interest at a fixed rate of 8% per annum. Interest on the *Note* is payable quarterly on the last business day of each calendar quarter and is payable at the election of the Company in cash or in kind by increasing the outstanding principal amount of the *Note* by the amount of interest payable on such interest payment date. The *Note* will mature on September 29, 2028, subject to earlier conversion, redemption or repurchase.

The *Note* is currently convertible at a conversion price of \$30 per share, subject to customary anti-dilution adjustments upon certain events, including any dividend of Company securities or other property, stock split, stock combination, reclassification, consolidation, merger or a sale of all or substantially all of the Company’s assets. For risks related to the *Note* with Capital One see “*Risk Factors*” in Item 1A. of this report.

Additionally, our strategic partnership with Capital One is expected to provide us with a long-term partner with the ability to deliver increased demand for travel services as well as highly-qualified lead generation opportunities for our *Club* and *Pass* subscription offerings, while providing Capital One a highly differentiated and exclusive luxury travel benefit for its consumers.

### Reverse Stock Split

On September 26, 2023, our stockholders approved a proposal to adopt a series of alternative amendments to our certificate of incorporation to effect the Reverse Stock Split (as defined in Note 1 to our Consolidated Financial Statements). Our Board subsequently approved a final reverse stock split ratio of 1-for-20 of our Class A Common Stock, Class B Non-Voting Common Stock and Class V Common Stock. The Reverse Stock Split became effective as of October 16, 2023 (the “*Effective Time*”). Immediately after the Reverse Stock Split, each stockholder’s percentage ownership interest in the Company and proportional voting power remained unchanged, except for minor changes resulting from the treatment of fractional shares.

## [Table of Contents](#)

As of the Effective Time, proportional adjustments were also made to the number of shares of Class A Common Stock issuable pursuant to the Company's outstanding warrants, Note, and equity awards, as well as the number of shares authorized and reserved for issuance pursuant to the Company's equity incentive and employee stock purchase plans. The exercise prices, conversion prices and stock price targets of outstanding warrants, Note and equity awards were also proportionately adjusted, as applicable. Accordingly, (i) with respect to the Company's publicly traded warrants trading under the symbol "ISPOW," each 20 warrants outstanding immediately prior to the Reverse Stock Split are now exercisable for one share of Class A Common Stock at an exercise price of \$230.00 per share, which is 20 times \$11.50, the exercise price per share in effect prior to the Effective Time and (ii) with respect to the Note, the conversion price is now \$30 per share, which is 20 times \$1.50, the conversion price in effect prior to the Effective Time. All historical share and per share amounts have been adjusted to reflect the Reverse Stock Split for all periods presented.

### Key Business Metrics

We review a number of operating and financial metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and business plans, and make strategic decisions.

#### Active Subscriptions

We define Active Subscriptions as Subscriptions that are paid in full, as well as those for which we expect payment for renewal. We use Active Subscriptions to assess the adoption of our subscription offerings, which is a key factor in assessing our penetration of the market in which we operate and a key driver of revenue. Members can have one or more Active Subscriptions. The following table shows our approximate total number of Active Subscriptions as of December 31, 2022 and 2023:

	December 31,	
	2022	2023
Legacy	9,400	7,900
Pass	3,600	2,500
Club	3,100	3,400
<b>Total Active Subscriptions</b>	<b>16,100</b>	<b>13,800</b>

*Legacy* Subscriptions, an offering we no longer sell, had substantial enrollment fees and have annual dues that are lower than annualized dues for *Club* Subscriptions. *Club* and *Pass* Subscriptions are available through monthly, semi-annual, annual, and multi-year contracts. The majority of our Subscriptions are annual or multi-year contracts.

Subscription revenue is comprised of enrollment fees and recurring dues, net of discounts and travel incentives provided to members. We typically bill upfront for *Club* and *Pass* Subscriptions and subscription payments are non-refundable. Our subscription agreements typically auto-renew after the initial term. Our agreements are generally cancellable by providing 30 days' notice. Amounts that have been billed are initially recorded as deferred revenue until the revenue is recognized. Revenue is recognized ratably over the related contractual term, generally beginning on the date that our platform is made available to a member.

Our subscription revenue and operating results are impacted by our ability to attract and maintain members including through our *Rewards* program.

#### Average Daily Rates and Total Occupancy

Average daily rate ("ADR") is defined as the total paid travel revenue, divided by total paid nights in leased residences or hotel rooms and suites. ADR does not include *Pass* nights utilized. Occupancy is defined as all paid, *Pass*, *IFG*, *IFB*, employee and complimentary nights in all at-risk properties divided by the total number of at-risk nights available. Net-rate hotel partners are excluded from Hotel Occupancy as these are dependent on the hotel having capacity for Inspirato requests.

We monitor (i) paid nights delivered as a percentage of total nights delivered, (ii) ADR and (iii) Occupancy for our residences and leased hotels as we bear the financial responsibility in these properties and can more closely control both the nightly rates and costs as compared to our net-rate hotel partners. Average rates at our hotel partners are typically lower than our residences, as our residences are typically larger and accommodate more guests than hotel rooms and suites.



[Table of Contents](#)

The combination of ADR and Occupancy provides us insights regarding how effective we are utilizing our at-risk properties. Below we have summarized our travel operating statistics:

	Year ended December 31,		
	2021	2022	2023
<b>Residences</b>			
Paid Nights Delivered	61,100	67,800	61,400
Total Nights Delivered	94,800	114,900	111,600
Occupancy	88 %	81 %	72 %
ADR	\$ 1,557	\$ 1,825	\$ 1,825
<b>Hotels</b>			
Paid Nights Delivered <sup>(1)</sup>	29,300	38,900	41,900
Total Nights Delivered <sup>(1)</sup>	48,200	72,700	73,400
Occupancy <sup>(2)</sup>	79 %	79 %	72 %
ADR <sup>(2)</sup>	\$ 962	\$ 970	\$ 935
<b>Total</b>			
Paid Nights Delivered <sup>(1)</sup>	90,500	106,600	103,300
Total Nights Delivered <sup>(1)</sup>	143,000	187,600	185,000
Occupancy <sup>(2)</sup>	85 %	80 %	72 %
ADR <sup>(2)</sup>	\$ 1,364	\$ 1,513	\$ 1,464

(1) Includes net-rate hotel nights.

(2) Excludes net-rate hotel nights as we purchase individual nights but do not have a total number of nights obligation.

Travel revenue is generally recognized when travel occurs. Amounts that have been billed are initially recorded as deferred revenue until recognized when travel occurs. We derive our travel revenue by charging a nightly rate for stays at our portfolio of residence and hotels. For residence and hotel trips, a service charge is also included. Travel revenue also includes amounts collected from fees when a trip is cancelled. A portion of travel revenue comes from customers who do not have Subscriptions; these customers include *IFG* and *IFB* customers as well as individuals who receive trial subscriptions under promotions with partners, such as Exclusive Resorts. We also earn revenue from *Inspirato Only* experiences and *Bespoke* trips.

Our travel revenue and operating results are impacted by the number of trips that we are able to deliver to our members as well as the rates we charge for stays. Our revenue management team establishes nightly rates to optimize desired occupancy and revenue.

#### Other Factors Affecting Our Performance and Trends and Uncertainties

We believe that the growth and future success of our business depend on many factors, including those from the Key Business Factors discussed above. While each of these factors presents significant opportunities for our business, they also pose important challenges that we have to successfully address in order to continue to grow our business and further improve our results of operations.

#### Cost and Expense Management

Cost of revenue includes costs directly related to delivering travel to our members as well as depreciation and amortization related to leasehold improvements and equipment at residences. These direct costs include payments for properties we lease, operating and maintenance costs of those properties, including on-site service personnel costs, costs paid to our hotel partners for member stays, and booking costs from *Inspirato Only* experiences and *Bespoke* trips. We generally expect cost of revenue to vary as a percentage of revenue from period to period based on the number of properties that we have under lease, and the mix of subscription and travel revenue that we earn. We expect cost of revenue to decrease in the near-term as we reduce our portfolio of properties.

Our operating results are impacted by our ability to manage these costs and expenses and achieve a balance between making investments to retain and grow members and driving increased profitability. We are working on finding more opportunities to enhance gross margin and operate more efficiently, including reducing costs by taking additional operational and portfolio optimization

[Table of Contents](#)

actions. We conducted a 12% workforce reduction in January of 2023 and a further 6% workforce reduction in July of 2023 in order to further manage costs.

***Macroeconomic and Geopolitical Conditions***

The travel industry is affected by economic cycles and trends. Travel is typically discretionary and may be affected by negative trends in the economy. Adverse macroeconomic and geopolitical conditions have impacted our business and may impact us in future periods. In recent periods, we have been affected by, among other things, the Russian invasion of Ukraine, the war between Israel and Hamas, inflation, labor shortages, fluctuations in fuel prices, changes in governmental regulations, safety concerns, foreign currency fluctuations, rising interest rates and reduced consumer confidence resulting in lower consumer spending.

***Seasonality***

Our travel revenues are seasonal, reflecting typical travel behavior patterns of travelers over the course of the calendar year. In a typical year, the first, third, and fourth quarters have higher travel revenues than the second quarter. Our subscription services are seasonal to the extent that interest from potential new members tends to also follow travel revenue. However, revenues from existing members are not impacted by seasonality.

Our results, including total revenues, Adjusted EBITDA and Free Cash Flow (as defined below), are impacted by the timing of holidays and other events. Holidays and other events generally increase the rates we are able to charge for travel which results in higher gross margin. The majority of our costs are relatively fixed across quarters.

[Table of Contents](#)

**Results of operations**

The following table sets forth our Consolidated Statements of Operations for the years ended December 31, 2022 and 2023 (in thousands, other than percentages):

	Year ended December 31,		Amount of increase (decrease)	Percent change favorable (unfavorable)
	2022	2023		
Revenue	\$ 345,530	\$ 329,100	\$ (16,430)	(5)%
Cost of revenue	228,401	233,942	5,541	(2)%
Asset impairments	925	40,844	39,919	n/m
Gross margin	\$ 116,204	\$ 54,314	\$ (61,890)	(53)%
Gross margin percent	34%	17%	(17)pp	(51)%
General and administrative <sup>(1)</sup>	\$ 65,807	\$ 72,117	\$ 6,310	(10)%
Sales and marketing <sup>(1)</sup>	39,368	32,884	(6,484)	16 %
Operations <sup>(1)</sup>	42,372	28,125	(14,247)	34 %
Technology and development <sup>(1)</sup>	14,219	11,330	(2,889)	20 %
Depreciation and amortization	3,191	3,773	582	(18)%
Interest, net	188	1,133	945	(503)%
(Gain) loss on fair value instruments	1,696	(2,368)	(4,064)	240 %
Other (income) expense, net	(355)	457	812	(229)%
Loss and comprehensive loss before income taxes	(50,282)	(93,138)	(42,856)	(85)%
Income tax expense	799	721	(78)	10 %
Net loss and comprehensive loss	\$ (51,081)	\$ (93,859)	\$ (42,778)	(84)%

*n/m - non-meaningful*

*pp - percentage point*

(1) Note the balances presented for cost of revenue, general and administrative, sales and marketing, operations and technology and development for the year ended December 31, 2022 have been adjusted to reflect the current year's presentation of the allocation of stock-based compensation. This change impacted gross margin for the year ended December 31, 2022. This change did not impact the loss before income taxes but, rather, was a reclassification between the financial statement line items. See the reclassification of prior year presentation footnote within Note 2 – Significant Accounting Policies in the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for more information.

**Comparison of the years ended December 31, 2022 and 2023:**

**Revenue.** Total revenue decreased \$16.4 million from \$345.5 million for the year ended December 31, 2022 to \$329.1 million for the year ended December 31, 2023, a decrease of 5%. Disaggregated revenue for the years ended December 31, 2022 and 2023 is as follows (in thousands, other than percentages):

	Year ended December 31,		Amount of increase (decrease)	Percent change favorable (unfavorable)
	2022	2023		
Travel	\$ 198,925	\$ 190,271	\$ (8,654)	(4)%
Subscription	145,651	137,606	(8,045)	(6)%
Rewards and other revenue	954	1,223	269	28 %
Total	\$ 345,530	\$ 329,100	\$ (16,430)	(5)%

## [Table of Contents](#)

Travel revenue decreased by \$8.7 million from \$198.9 million for the year ended December 31, 2022 to \$190.3 million for the year ended December 31, 2023, a decrease of 4%, primarily as a result of a 3% decrease in paid nights delivered resulting in a \$6.2 million decrease to travel revenue as well as a 1% decrease in the ADR recognized for those paid nights resulting in a \$2.5 million decrease to travel revenue.

Subscription revenue decreased by \$8.0 million from \$145.7 million for the year ended December 31, 2022 to \$137.6 million for the year ended December 31, 2023, a decrease of 6%, primarily as a result of decreases in *Pass* and *Legacy* Subscription revenue of \$10.8 million and \$3.6 million, respectively, partially offset by increases in *IFG/IFB* and *Club* Subscription revenue of \$5.6 million and \$1.3 million, respectively. The *Pass* and *Legacy* Subscription revenue decreases were driven primarily by a 31% and 16%, respectively, decrease in the number of Subscriptions, each of which was partially offset by an increase in the revenue recognized per Subscription. The number of *Legacy* Subscriptions will remain flat or decrease in future periods as we no longer offer Legacy Subscriptions. The *Club* Subscription revenue increase is primarily from a 10% increase in the number of Subscriptions partially offset by a decrease in the recognized revenue per Subscription. The \$5.6 million increase in Subscription revenue from *IFG/IFB* are from the launch of the program in the third quarter of 2022 as compared to the full year of the program in 2023.

Rewards and other revenue increased by \$0.3 million. The increase was primarily the result of estimated usage and breakage related to *Rewards*, our member loyalty program, which was launched in August of 2023.

**Cost of revenue.** Cost of revenue increased \$5.5 from \$228.4 million for the year ended December 31, 2022 to \$233.9 million for the year ended December 31, 2023, an increase of 2%. This increase was primarily a result of net increases in lease costs of \$7.5 million due to an increase in the number of property leases entered into prior to 2023 for which lease terms commenced during 2023, partially offset by decreases in booking fees of \$5.9 million during the year ended December 31, 2023 as compared to the year ended December 31, 2022. Additionally, depreciation expense included in cost of revenue increased \$3.9 million from \$2.2 million to \$6.1 million.

**Asset impairments.** Asset impairments increased \$39.9 million from \$0.9 million for the year ended December 31, 2022 to \$40.8 million for the year ended December 31, 2023. During the year ended December 31, 2023, we identified 63 leases for which the right-of-use assets and related property and equipment had net carrying values that exceeded their estimated fair value as determined by their estimated discounted future cash flows. Most of these leases were related to one group of underperforming properties in a single geographic location. Based on this information, we recorded right-of-use asset impairments of \$40.5 million and property plant and equipment impairments of \$0.3 million for the year ended December 31, 2023.

**General and administrative.** General and administrative expenses increased \$6.3 million from \$65.8 million for the year ended December 31, 2022 to \$72.1 million for the year ended December 31, 2023, an increase of 10%. General and administrative headcount decreased due to the reductions in workforce in 2023 but the related cost savings were offset by severance charges of \$2.9 million which were not incurred in the prior year. Equity-based compensation included in general and administrative increased \$3.4 million from \$6.2 million for the year ended December 31, 2022 to \$9.6 million for the year ended December 31, 2023 due the acceleration of equity awards upon the departure of certain members of the executive management team and incremental equity grants. The remainder of the increase from the year ended December 31, 2022 to December 31, 2023 was due to increased professional service fees and compliance costs including increases in corporate insurance premiums.

**Sales and marketing.** Sales and marketing expenses decreased \$6.5 million from \$39.4 million for the year ended December 31, 2022 to \$32.9 million for the year ended December 31, 2023, a decrease of 16%, primarily due to reduced spending on marketing of \$8.3 million as part of our cost savings initiatives. This was partially offset by a net increase for salaries within sales and marketing of \$1.1 million from the transfer of employees from operations to sales in May of 2023 which was partially offset by the reductions in workforce for 2023 as well. Additionally, equity-based compensation included in sales and marketing increased \$0.7 million from \$0.8 million for the year ended December 31, 2022 to \$1.5 million for the year ended December 31, 2023 as additional awards were issued during the year ended December 31, 2023.

**Operations.** Operations expenses decreased \$14.2 million from \$42.4 million for the year ended December 31, 2022 to \$28.1 million for the year ended December 31, 2023, a decrease of 34%, primarily due to a decrease in operations staff as a result of the reductions in workforce during 2023, as well as the transfer of employees from operations to sales in May of 2023.

[Table of Contents](#)

**Technology and development.** Technology and development expenses decreased \$2.9 million from \$14.2 million for the year ended December 31, 2022 to \$11.3 million for the year ended December 31, 2023, a decrease of 20%, primarily due to a decrease for salaries of \$1.6 million as a result of the reductions in workforce during 2023. Additionally, we reduced software spend for the year ended December 31, 2023 by \$1.3 million as compared to the year ended December 31, 2022.

**Depreciation and amortization.** Depreciation and amortization expenses increased \$0.6 million from \$3.2 million for the year ended December 31, 2022 to \$3.8 million for the year ended December 31, 2023, an increase of 18%, due to continued investment in the upkeep of our lease portfolio.

**Interest, net.** Interest expense, net increased \$0.9 from \$0.2 million for the year ended December 31, 2022 to \$1.1 million for the year ended December 31, 2023, primarily due to debt issuance costs and interest expense of \$2.4 million incurred in relation to the Note. The increase in interest expense was partially offset by an increase in interest income of \$1.3 million primarily due to the Company's receipt of interest on our cash investments.

**(Gain) loss on fair value instruments.** Gains and losses on fair value instruments changed from losses of \$1.7 million for the year ended December 31, 2022 to gains of \$2.4 million for the year ended December 31, 2023, a net change of \$4.1 million. Warrant fair value loss was \$1.7 million for the year ended December 31, 2022 and a \$0.8 million gain for the year ended December 31, 2023, a change of \$2.5 million. The fair value gain recognized on the Note was \$1.6 million during the year ended December 31, 2023 and there were no debt fair value adjustments during the year ended December 31, 2022.

**Income tax expense.** Income tax expense decreased \$0.1 million from \$0.8 million for the year ended December 31, 2022 to \$0.7 million for the year ended December 31, 2023, primarily due to reduced foreign income tax expense of \$0.1 million for the year ended December 31, 2023. We continue to maintain a valuation allowance against the full value of our net deferred tax assets because we believe it is more likely than not that the recoverability of these deferred tax assets will not be realized.

**Liquidity and Capital Resources****Overview**

As of December 31, 2023, we had \$36.6 million of cash and cash equivalents and \$5.7 million of restricted cash. We believe our cash and cash equivalents on hand will be sufficient to meet our projected working capital and capital expenditure requirements for a period of at least the next twelve months.

Our principal sources of liquidity have historically consisted of cash flow from financing activities as well as operating activities, primarily from Subscription and travel revenue. On September 29, 2023, we sold and issued the Note maturing September 29, 2028 with net proceeds of approximately \$23.1 million. We are in compliance with all covenants under the Note. For additional information on the Note, refer to “Overview—Capital One Ventures Strategic Partnership and Investment” above.

In July of 2022, we repaid all amounts drawn on our revolving credit facility. In March of 2023, the Company terminated the facility.

We have generally maintained a working capital deficit, in which our current liabilities exceed our current assets, primarily due to our significant deferred revenue related to travel and Subscriptions that are paid in advance but not yet taken or consumed. Our cash needs vary from period to period primarily based on the timing of travel and sales promotions.

Our future capital requirements will depend on many factors including our rate of member and revenue growth, travel bookings, change in the number of properties, other initiatives including the success of *Rewards* and overall economic conditions.

The following table presents summarized information from our Consolidated Statements of Cash Flows for the years ended December 31, 2022 and 2023 (in thousands):

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2023</b>
Net cash used in operating activities	\$ (45,689)	\$ (51,393)
Net cash used in investing activities	(14,270)	(12,124)
Net cash provided by financing activities	58,945	23,844
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (1,014)</b>	<b>\$ (39,673)</b>

**Cash Flows*****Comparison of the years ended December 31, 2022 and 2023***

*Cash flows used in operating activities.* Cash used in operating activities increased from \$45.7 million in 2022 to \$51.4 million in 2023. This increase was primarily driven by a net loss of \$93.9 million, decreases of \$13.6 million in deferred revenue, a net decrease between lease liability and amortization of right-of-use assets of \$2.2 million, and decreases in other working capital items of \$7.0 million, partially offset by asset impairments totaling \$40.8 million, equity-based compensation of \$13.7 million, and depreciation and amortization of \$10.6 million.

*Cash flows used in investing activities.* Cash used in investing activities decreased from \$14.3 million in 2022 to \$12.1 million in 2023. The decrease was driven by lower expenditures for property and equipment of \$2.5 million partially offset by higher expenditures related to ongoing internal software development projects of \$0.4 million.

*Cash flows provided by financing activities.* Cash provided by financing activities decreased from \$58.9 million in 2022 to \$23.8 million in 2023. The decrease was primarily due to the proceeds received as a result of the one-time reverse recapitalization during 2022 and was partially offset by the proceeds from the Note in 2023.

## Use of Cash and Contractual Obligations

We expect to meet our cash requirements for the next twelve months through use of our available cash and cash equivalents and cash flows from operating activities. We expect to meet our long-term cash requirements with cash flows from operating and financing activities, including, but not limited to potential future issuances of debt or equity. Our primary uses of cash are for operating expenses, lease payments and capital expenditures.

Our future commitments consist of obligations under the Note (including principal and coupon interest) and operating leases, primarily for vacation properties and our corporate headquarters. The leases may require us to pay taxes, insurance, utilities and maintenance costs. We have been undergoing a lease optimization process whereby we have renegotiated certain leases and terminated certain leases, depending on the individual lease situation. See Note 9 – Leases in our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Future minimum annual commitments under these operating leases as of December 31, 2023 are as follows (in thousands):

<b>Years ending</b>	<b>December 31,</b>
2024	\$ 79,749
2025	64,655
2026	47,853
2027	35,770
2028	27,477
2029 and thereafter	70,703
<b>Total minimum lease payments</b>	<b>\$ 326,207</b>

As of December 31, 2023, the Company was party to 21 leases that had not yet commenced. Future payments under these leases were \$28.1 million at December 31, 2023.

The \$25 million Note is an unsubordinated secured obligation of the Company. The Note bears interest at a fixed rate of 8% per annum. Interest on the Note is payable quarterly on the last business day of each calendar quarter following the issuance of the Note and is payable at the election of the Company in cash or in kind by increasing the outstanding principal amount of the Note by the amount of interest payable on such interest payment date. The Note will mature on September 29, 2028, subject to earlier conversion, redemption or repurchase.

Our revolving credit facility had no amounts drawn as of December 31, 2022. The Company was not in compliance with the covenants under the facility at December 31, 2022 and had not been in compliance since May of 2022. The Company repaid all amounts borrowed under the facility in July of 2022 and terminated the facility in March of 2023.

### **Non-GAAP Financial Metrics**

In addition to our results determined in accordance with GAAP, we use Adjusted Net Loss, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our Board concerning our business and financial performance. We believe that these non-GAAP financial measures provide useful information to investors about our business and financial performance, enhance their overall understanding of our past performance and future prospects, and allow for greater transparency with respect to metrics used by our management in their financial and operational decision making. We are presenting these non-GAAP financial measures to assist investors in seeing our business and financial performance through the eyes of management, and because we believe that these non-GAAP financial measures provide an additional tool for investors to use in comparing results of operations of our business over multiple periods with other companies in our industry.

There are limitations related to the use of these non-GAAP financial measures, including that they exclude significant expenses that are required by GAAP to be recorded in our financial measures. Other companies may calculate non-GAAP financial measures differently or may use other measures to calculate their financial performance, and therefore, our non-GAAP financial measures may not be directly comparable to similarly titled measures of other companies. Thus, these non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, measures of financial performance prepared in accordance with GAAP and should not be considered as an alternative to any measures derived in accordance with GAAP.

[Table of Contents](#)

We provide a reconciliation of Adjusted Net Loss, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow to their respective related GAAP financial measures. We encourage investors and others to review our business, results of operations, and financial information in its entirety, not to rely on any single financial measure, and to view Adjusted Net Loss, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow in conjunction with their respective related GAAP financial measures.

### Adjusted Net Loss

We define Adjusted Net Loss as net loss and comprehensive loss less fair value gains and losses on financial instruments and asset impairments.

The above items are excluded from Adjusted Net Loss because our management believes that they are not indicative of our core operating performance and do not reflect the underlying economics of our business. The following table presents a reconciliation of our net loss and comprehensive loss, the closest GAAP measure, to Adjusted Net Loss (in thousands):

	Year ended December 31,	
	2022	2023
<b>Net loss and comprehensive loss</b>	\$ (51,081)	\$ (93,859)
Asset impairments	925	40,844
(Gain) loss on fair value instruments	1,696	(2,368)
<b>Adjusted Net Loss</b>	<b>\$ (48,460)</b>	<b>\$ (55,383)</b>

### Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA as net loss and comprehensive loss less interest, income taxes, depreciation and amortization, equity-based compensation expense, fair value gains and losses on financial instruments, asset impairments and public company readiness expenses. We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of total revenue for the same period.

The above items are excluded from our Adjusted EBITDA measure because our management believes that they are not indicative of our core operating performance and do not reflect the underlying economics of our business. The following table represents a reconciliation of our net loss and comprehensive loss, the closest GAAP measure, to Adjusted EBITDA (in thousands, other than percentages):

	Year ended December 31,	
	2022	2023
<b>Net loss and comprehensive loss</b>	\$ (51,081)	\$ (93,859)
Interest, net	188	1,133
Income tax expense	799	721
Depreciation and amortization	5,436	10,553
Equity-based compensation	8,802	13,652
(Gain) loss on fair value instruments	1,696	(2,368)
Asset impairments	925	40,844
Public company readiness costs	1,092	—
<b>Adjusted EBITDA</b>	<b>\$ (32,143)</b>	<b>\$ (29,324)</b>
Adjusted EBITDA Margin <sup>(1)</sup>	(9.3)%	(8.9)%

(1) We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of total revenue for the same period.

### Free Cash Flow

We define Free Cash Flow as net cash provided by (used in) operating activities less purchases of property and equipment and development of internal-use software. We believe that Free Cash Flow is a meaningful indicator of liquidity that provides information to our management and investors about the amount of cash generated from operations, after purchases of property and equipment and development of internal-use software, that can be used for strategic initiatives, if any.



[Table of Contents](#)

The following table presents a reconciliation of our net cash used in operating activities, the closest GAAP measure, to Free Cash Flow (in thousands):

	Year ended December 31,	
	2022	2023
Net cash used in operating activities	\$ (45,689)	\$ (51,393)
Development of internal-use software	(5,420)	(5,819)
Purchase of property and equipment	(8,850)	(6,305)
<b>Free Cash Flow</b>	<b>\$ (59,959)</b>	<b>\$ (63,517)</b>

### Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosures of contingent assets and liabilities at the date of our Consolidated Financial Statements. We evaluate our estimates and assumptions on an ongoing basis. The estimates and assumptions used by management are based on historical experience and other factors, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, impacting our reported results of operations and financial condition. We believe that of our significant accounting policies, which are described in Note 2 to our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, the following accounting estimates involve a greater degree of judgment and complexity. Accordingly, these are the estimates we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition, results of operations and cash flows.

#### Revenue Recognition - Loyalty Program

In August of 2023, we implemented a member loyalty program, *Rewards*. *Rewards* members accumulate rewards based on their activity with us. Members who earn one of the three *Rewards* statuses may be entitled to, depending on their status, extra savings on *Club* bookings; early access to new property releases, new *Experiences* and year-end festive dates; and complementary nights, among other benefits, which provide them with a material right to free or discounted goods or services in the future. As of December 31, 2023, our total *Rewards* deferred revenue was \$10.7 million.

When members spend with Inspirato, we defer a portion of the members' total spend to *Rewards*, representing the deferred revenue value of the program's separate performance obligation. To determine the amount of deferral necessary from members' spend, we determine the standalone selling price of the identified performance obligations related to *Rewards* based on the aggregate estimated value of usage of individual benefits within the program in relation to total member spend. Revenues related to *Rewards* are then recognized over time based upon historical travel patterns and members' average life, which includes an estimate of *Rewards* benefits that will expire or will not be used during the benefit period of the *Rewards* material rights (up to 30 months). These inputs towards the *Rewards* deferral require us to forecast future spend for our members, usage of each of the earned performance obligations and the standalone value of each of the identified performance obligations which, especially in the first year of the program, as there is limited historical information, require management's estimation. Any changes in the assumptions outlined above would impact the allocation of consideration received from our members and the resulting timing of when revenues from each of the specific performance obligations would be recognized.

For the year ended December 31, 2023, holding other factors constant, a 10% change in our estimated future spend for each member would have resulted in a change to *Rewards* revenue of approximately \$1.1 million, or less than a one percent change in revenue for the year ended December 31, 2023.

#### Intangible and Tangible Asset Impairment Assessment

Goodwill is not amortized, but rather is assessed annually for impairment in the fourth quarter and when events and circumstances indicate that the fair value of a reporting unit with goodwill has been reduced below its carrying value. We have determined that we have one reporting unit. The impairment test requires that we first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, we then perform a quantitative impairment test. Otherwise, the quantitative impairment test is not required. Under the quantitative impairment test, we would compare the estimated fair value of each reporting unit to its carrying value. For the year ended December 31, 2023, we

## [Table of Contents](#)

could not conclude qualitatively that the fair value of goodwill is greater than its carrying value and, as such, we utilized a quantitative test and determined that no goodwill impairment charges were necessary.

For our other finite-lived, long-term assets, our property, plant and equipment and operating lease right-of-use (“ROU”) assets, an impairment assessment is necessary when facts and circumstances indicate that the carrying values of such assets may not be recoverable. Long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities which, for us, is generally at a property level. When evaluating a selected property for impairment, we first compare the carrying value of the asset to the asset’s estimated future undiscounted cash flows. If the estimated undiscounted future cash flows associated with each asset are less than the carrying value of the asset, we determine if we have an impairment loss by comparing the carrying value of the asset to the asset’s estimated fair value and recognize an impairment charge when the asset’s carrying value exceeds its estimated fair value. The adjusted carrying amount of the asset becomes its new cost basis and is amortized over the asset’s remaining useful life. We utilized a quantitative test for the year ended December 31, 2023 and determined that an impairment of the Company’s ROU assets was necessary and a \$40.5 million impairment charge was recorded.

Our impairment calculations, when utilized, contain uncertainties because they require management to make assumptions and to apply judgment to estimate future cash flows and asset fair values. Key assumptions used in estimating future cash flows and asset fair values include projected revenue growth and operating expenses, as well as forecasting asset useful lives and, when utilizing a discounted cash flow, selecting an appropriate discount rate. For the Company’s properties, estimates of revenue growth and operating expenses are based on internal projections and consider the property’s historical performance, the local market economics and the business environment impacting the property’s performance. The fair value of a property’s ROU asset is estimated using the property’s expected future net cash flows excluding the property’s lease payments. When a discount rate is utilized, the discount rate is selected based on what we believe a buyer would assume when determining the purchase price of the property. These estimates are subjective and our ability to realize future cash flows and asset fair values is affected by factors such as ongoing maintenance and improvement of the assets, changes in economic conditions and changes in operating performance.

If actual forecasted income varies materially from those utilized in the impairment assessments above, the amount of calculated impairment could be more or less depending on the direction of the adjustments necessary. There can be no assurance that the projections utilized will not materially change in the future given the inherent difficulty in forecasting future revenues and costs, especially at the specific property-level when utilized; however, the estimates utilized were the best available at the time the financial statements were issued.

### ***Valuation of Note***

As we have elected to carry our Note at fair value on a quarterly basis, we calculate the fair value of our Note, adjust its valuation on the Consolidated Balance Sheets and record the complementary fair value adjustment to (gain) loss on fair value instruments within our Consolidated Statements of Operations. As of December 31, 2023, the fair value of the note was \$23.9 million and, as the Note was signed on August 7, 2023, there was no value of the note as of December, 31, 2022. As a result of the fair value adjustment, we recorded a gain of \$1.6 million to (gain) loss on fair value instruments within our Consolidated Statements of Operations for the year ended December 31, 2023.

In calculating the fair value of the Note, we utilize a binomial lattice model where we consider both the debt and stock features of the Note. In reviewing the debt features of the Note, we considered our scheduled coupon and principal payments and compared them to those of instruments currently outstanding in the market of companies with similar credit ratings as well as the risk-free rate. In considering the stock features of the Note, we considered the value and volatility of our own stock, in addition to considering volatility of similar instruments in the marketplace as well as the conversion feature of the Note which is discounted at the risk-free rate. These inputs to the binomial lattice model are subjective and our ability to properly assess these inputs could have a material impact on the ultimate valuation of the Note.

If our calculated fair value of our note differs materially from the actual fair value, the Company could have a materially different fair value of our Note on our Consolidated Balance Sheets with an equal offset against (gain) loss on fair value instruments within the Company’s Consolidated Statements of Operations for the year ended December 31, 2023.

### ***Incremental Borrowing Rate***

On a quarterly basis we calculate our incremental borrowing rate (“IBR”) as none of our leases provide an implicit rate of return. The Company’s IBR is utilized as the discount rate when calculating our initial lease liabilities, modifications to our lease liabilities and complementary right-of-use assets leases greater than one year.

The IBR is calculated for leases based on their term length and risk profile. The Company considers both the risk-free rate as well as the associated debt rates for companies with a similar credit profile as ours as well as the term of the complementary note of each rate. We also consider company-specific risk factors such as our asset risks, foreign currency risks and locational risks when assessing the IBR for one of our managed and controlled vacation homes.

If our actual IBR varies materially from those utilized, the Company could have materially different balances for the capitalized ROU assets and complementary lease liabilities for the year ended December 31, 2023.

### **Recently Adopted Accounting Pronouncements**

For further information on recently adopted accounting pronouncements, see Note 2 within our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

Our principal market risks are our exposure to interest rates and foreign currency risks.

#### ***Interest Rate Risk***

Changes in interest rates affect the interest earned on total cash and cash equivalents as well as interest paid on debt.

We have not been exposed to, nor anticipate exposure to, material risks due to changes in interest rates. A hypothetical 100 basis point increase or decrease in interest rates would not have had a material impact on our Consolidated Financial Statements as of December 31, 2023. Our revolving credit facility was terminated in March of 2023.

As of December 31, 2023, there was \$25.0 million aggregate principal amount of the Note outstanding. We have elected to carry the Note at fair value. The fair value of the Note changes when the market price of our stock fluctuates or interest rates change.

#### ***Foreign Currency Risk***

We are exposed to foreign currency risk, mainly related to non-lease operating expenditures that we incur in foreign countries. Many of our leases, which are the most significant component of operating costs in foreign countries, are denominated in U.S. dollars and thus do not result in foreign currency risk. In the year ended December 31, 2023, our operating expenditures denominated in foreign currencies were approximately \$27.1 million, primarily in Mexican Pesos and Euros. A hypothetical 10% increase or decrease in the value of the U.S. dollar relative to the Mexican Peso and Euro would have a \$2.7 million impact to our Consolidated Financial Statements for the year ended December 31, 2023.

**Item 8. Financial Statements and Supplementary Data**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Page</b>
<a href="#">Report of Independent Registered Public Accounting Firm</a> – PCAOB ID 243	45
<b>Consolidated Financial Statements:</b>	
<a href="#">Consolidated Balance Sheets</a>	46
<a href="#">Consolidated Statements of Operations and Comprehensive Loss</a>	47
<a href="#">Consolidated Statements of Equity (Deficit)</a>	48
<a href="#">Consolidated Statements of Cash Flows</a>	49
<a href="#">Notes to Consolidated Financial Statements</a>	50

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Shareholders and Board of Directors  
Inspirato Incorporated  
Denver, Colorado

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Inspirato Incorporated (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, equity (deficit), and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2021.

Denver, Colorado  
March 12, 2024

**INSPIRATO INCORPORATED**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except par value)

	December 31,	
	2022	2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 80,278	\$ 36,566
Restricted cash	1,661	5,700
Accounts receivable, net	3,140	3,306
Accounts receivable, net – related parties	663	842
Prepaid member travel	19,915	20,547
Prepaid expenses	10,922	6,135
Other current assets	302	1,744
<b>Total current assets</b>	<b>116,881</b>	<b>74,840</b>
Property and equipment, net	18,298	19,504
Goodwill	21,233	21,233
Right-of-use assets	271,702	209,702
Other noncurrent assets	2,253	5,448
<b>Total assets</b>	<b>\$ 430,367</b>	<b>\$ 330,727</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 36,086	\$ 22,748
Deferred revenue	167,733	160,493
Lease liabilities	74,299	61,953
<b>Total current liabilities</b>	<b>278,118</b>	<b>245,194</b>
Deferred revenue, noncurrent	18,321	17,026
Lease liabilities, noncurrent	208,159	196,875
Convertible note	—	23,854
Warrants	759	48
Other noncurrent liabilities	—	2,428
<b>Total liabilities</b>	<b>505,357</b>	<b>485,425</b>
Commitments and contingencies (Note 16)		
<b>Equity (Deficit)</b>		
Class A common stock, par value \$0.0001 per share, 50,000 shares authorized, 3,136 and 3,537 shares issued and outstanding as of December 31, 2022 and December 31, 2023, respectively	6	7
Class B common stock, par value \$0.0001 per share, 5,000 shares authorized, no shares issued or outstanding as of December 31, 2023	—	—
Class V common stock, \$0.0001 par value, 25,000 shares authorized, 3,068 and 2,907 shares issued and outstanding as of December 31, 2022 and December 31, 2023, respectively	6	6
Preferred stock, par value \$0.0001 per share, 5,000 shares authorized, no shares issued or outstanding as of December 31, 2022 and December 31, 2023	—	—
Additional paid-in capital	245,652	255,527
Accumulated deficit	(233,931)	(285,782)
<b>Total equity (deficit) excluding noncontrolling interest</b>	<b>11,733</b>	<b>(30,242)</b>
Noncontrolling interests	(86,723)	(124,456)
<b>Total equity (deficit)</b>	<b>(74,990)</b>	<b>(154,698)</b>
<b>Total liabilities and equity (deficit)</b>	<b>\$ 430,367</b>	<b>\$ 330,727</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**INSPIRATO INCORPORATED**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(in thousands, except per share amounts)

	Year Ended December 31,		
	2021	2022	2023
Revenue	\$ 234,747	\$ 345,530	\$ 329,100
Cost of revenue (including depreciation of \$1,656, \$2,245 and \$6,090 in 2021, 2022 and 2023, respectively)	152,747	228,401	233,942
Asset impairments	—	925	40,844
<b>Gross margin</b>	<b>82,000</b>	<b>116,204</b>	<b>54,314</b>
General and administrative (including depreciation of \$0, \$0 and \$690 in 2021, 2022 and 2023, respectively)	49,786	65,807	72,117
Sales and marketing	28,011	39,368	32,884
Operations	27,303	42,372	28,125
Technology and development	4,926	14,219	11,330
Depreciation and amortization	2,619	3,191	3,773
Interest, net	635	188	1,133
(Gain) loss on fair value instruments	456	1,696	(2,368)
Gain on forgiveness of debt	(9,518)	—	—
Other (income) expense, net	—	(355)	457
<b>Loss and comprehensive loss before income taxes</b>	<b>(22,218)</b>	<b>(50,282)</b>	<b>(93,138)</b>
Income tax expense	—	799	721
<b>Net loss and comprehensive loss</b>	<b>(22,218)</b>	<b>(51,081)</b>	<b>(93,859)</b>
Net loss and comprehensive loss attributable to noncontrolling interests	—	27,024	42,104
<b>Net loss and comprehensive loss attributable to Inspirato Incorporated</b>	<b>\$ (22,218)</b>	<b>\$ (24,057)</b>	<b>\$ (51,755)</b>
<b>Loss Attributable to Inspirato Incorporated per Class A Share</b>			
Basic and diluted weighted average Class A shares outstanding	5,276	2,616	3,380
Basic and diluted net loss attributable to Inspirato Incorporated per Class A share	\$ (4.21)	\$ (9.20)	\$ (15.31)

The accompanying notes are an integral part of these Consolidated Financial Statements.

**INSPIRATO INCORPORATED**  
**CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)**  
(in thousands)

	Common Units		Class A Common Stock		Class V Common Stock		Additional	Accumulated	Noncontrolling	Total
	Units	Value	Shares	Value	Shares	Value	Paid-in Capital	Deficit	Interests	
<b>Balance—January 1, 2021</b>	<b>5,277</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 24,267</b>	<b>\$ (187,472)</b>	<b>\$ —</b>	<b>\$(163,205)</b>
Net loss and comprehensive loss	—	—	—	—	—	—	—	(22,218)	—	(22,218)
Equity-based compensation	—	—	—	—	—	—	3,258	—	—	3,258
Redeemed units	(36)	—	—	—	—	—	(7,258)	—	—	(7,258)
Issuance of common units upon exercise of unit option awards, net of shares withheld for income taxes	1	—	—	—	—	—	(148)	—	—	(148)
Distributions	—	—	—	—	—	—	(120)	—	—	(120)
<b>Balance—December 31, 2021</b>	<b>5,242</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>19,999</b>	<b>(209,690)</b>	<b>—</b>	<b>(189,691)</b>
Net loss and comprehensive loss	—	—	—	—	—	—	—	(24,057)	(27,024)	(51,081)
Equity-based compensation	—	—	—	—	—	—	8,802	—	—	8,802
Issuance of common stock	—	—	24	—	—	—	5,000	—	—	5,000
Issuance of common stock and common stock warrants upon the reverse recapitalization, net of issuance costs	(5,242)	—	2,342	4	3,489	7	206,253	—	(64,656)	141,608
Issuance of common stock upon exercise of warrants	—	—	254	1	—	—	9,330	—	—	9,331
Issuance of common stock upon exercise of stock option awards, net of shares withheld for income taxes	—	—	95	—	—	—	1,225	—	—	1,225
Issuance of Class A shares upon conversion of Class V shares	—	—	421	1	(421)	(1)	(4,957)	—	4,957	—
Distributions	—	—	—	—	—	—	—	(184)	—	(184)
<b>Balance—December 31, 2022</b>	<b>—</b>	<b>—</b>	<b>3,136</b>	<b>6</b>	<b>3,068</b>	<b>6</b>	<b>245,652</b>	<b>(233,931)</b>	<b>(86,723)</b>	<b>(74,990)</b>
Cumulative effect of change in accounting principle	—	—	—	—	—	—	—	(96)	(108)	(204)
Net loss and comprehensive loss	—	—	—	—	—	—	—	(51,755)	(42,104)	(93,859)
Equity-based compensation	—	—	—	—	—	—	13,652	—	—	13,652
Issuance of common stock upon exercise of unit option awards, net of shares withheld for income taxes	—	—	36	—	—	—	598	—	—	598
Issuance of common stock through employee stock purchase plan	—	—	30	—	—	—	105	—	—	105
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for income taxes	—	—	174	—	—	—	—	—	—	—
Issuance of Class A shares upon conversion of Class V shares	—	—	161	1	(161)	—	(4,480)	—	4,479	—
<b>Balance—December 31, 2023</b>	<b>—</b>	<b>\$ —</b>	<b>3,537</b>	<b>\$ 7</b>	<b>2,907</b>	<b>\$ 6</b>	<b>\$255,527</b>	<b>\$ (285,782)</b>	<b>\$ (124,456)</b>	<b>\$(154,698)</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.



**INSPIRATO INCORPORATED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(in thousands)**

	Year Ended December 31,		
	2021	2022	2023
<b>Cash flows from operating activities:</b>			
Net loss	\$ (22,218)	\$ (51,081)	\$ (93,859)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,275	5,436	10,553
Note financing costs included in interest expense, net	—	—	1,859
Loss on disposal of fixed assets	—	207	685
(Gain) loss on fair value instruments	456	1,696	(2,368)
Gain on forgiveness of debt	(9,518)	—	—
Asset impairments	—	925	40,844
Equity-based compensation	3,258	8,802	13,652
Amortization of right-of-use assets	—	88,098	87,623
Changes in operating assets and liabilities:			
Accounts receivable, net	589	(751)	(370)
Accounts receivable, net – related parties	118	(277)	(179)
Prepaid member travel	(5,379)	930	432
Prepaid expenses	(4,990)	(4,577)	1,421
Other assets	191	(725)	(1,955)
Accounts payable and accrued liabilities	20,042	(4,078)	(6,123)
Deferred revenue	42,301	(5,209)	(13,614)
Lease liabilities	—	(85,085)	(89,775)
Deferred rent	(370)	—	—
Other liabilities	—	—	(219)
<b>Net cash provided by (used in) operating activities</b>	<b>28,755</b>	<b>(45,689)</b>	<b>(51,393)</b>
<b>Cash flows from investing activities:</b>			
Development of internal-use software	(1,052)	(5,420)	(5,819)
Purchase of property and equipment	(2,964)	(8,850)	(6,305)
<b>Net cash used in investing activities</b>	<b>(4,016)</b>	<b>(14,270)</b>	<b>(12,124)</b>
<b>Cash flows from financing activities:</b>			
Repayments of debt	(765)	(27,267)	—
Proceeds from debt	—	14,000	25,000
Payments of financing costs for Note	—	—	(1,859)
Common unit redemptions	(7,258)	—	—
Preferred unit redemptions	(496)	—	—
Proceeds from reverse recapitalization	—	90,070	—
Payments of reverse recapitalization costs	—	(23,899)	—
Proceeds from issuance of Class A common stock	—	5,000	105
Payments of employee taxes for share based awards	(148)	(669)	(178)
Proceeds from option exercises	—	1,894	776
Distributions	(120)	(184)	—
<b>Net cash provided by (used in) financing activities</b>	<b>(8,787)</b>	<b>58,945</b>	<b>23,844</b>
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>15,952</b>	<b>(1,014)</b>	<b>(39,673)</b>
Cash, cash equivalents and restricted cash – beginning of year	67,001	82,953	81,939
<b>Cash, cash equivalents and restricted cash – end of year</b>	<b>\$ 82,953</b>	<b>\$ 81,939</b>	<b>\$ 42,266</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

## INSPIRATO INCORPORATED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### (1) Nature of Business

Inspirato Incorporated and its subsidiaries (the “Company”, also referred to as “Inspirato”) is a subscription-based luxury travel company that provides exclusive access to a managed and controlled portfolio of curated vacation options, delivered through an innovative model designed to ensure the service, certainty and value that discerning customers demand. The Inspirato portfolio includes branded luxury vacation homes, accommodations at five-star hotel and resort partners and custom travel experiences.

For travelers, the Company offers access to a diverse portfolio of curated luxury vacation options that includes approximately 450 private luxury vacation homes available to the Company’s customers and accommodations at over 250 luxury hotel and resort partners in the Company’s over 180 destinations around the world as of December 31, 2023. The Company’s portfolio also includes *Inspirato Only* experiences, featuring one-of-a-kind luxury safaris, cruises and other experiences with Inspirato-only member lists along with *Bespoke* trips, which offer custom-designed “bucket list” itineraries. Every Inspirato trip comes with the Company’s personalized service envelope — including pre-trip planning, on-site concierge and daily housekeeping — designed to meet the needs of discerning travelers and drive exceptional customer satisfaction.

The Company was initially incorporated in Delaware on July 31, 2020 as Thayer Ventures Acquisition Corporation (“Thayer”), a special purpose acquisition company. On February 11, 2022 (the “Closing Date”), the Company and Inspirato LLC consummated the transaction contemplated in the Business Combination Agreement dated June 30, 2021 and as amended September 15, 2021 (together the “Business Combination Agreement”) whereby a subsidiary of the Company merged with and into Inspirato LLC (the “Business Combination”), resulting in Inspirato LLC becoming a subsidiary of the Company. The Company changed its name to “Inspirato Incorporated” upon closing of the Business Combination (the “Closing”). The Business Combination was accounted for as a reverse recapitalization whereby Inspirato LLC acquired Thayer for accounting purposes. As such, the Consolidated Financial Statements presented herein represent the operating results of Inspirato LLC before and after the Business Combination. For additional information see Note 3 – Reverse Recapitalization.

As of December 31, 2023, the Company’s only subsidiary is Inspirato LLC. Inspirato LLC generally has subsidiaries in the jurisdictions where the Company has rental properties located. These entities typically lease local properties.

#### ***Reverse Stock Split***

On September 26, 2023, the Company’s stockholders approved a proposal to adopt a series of alternative amendments to the Company’s certificate of incorporation to effect a reverse stock split (as defined below). The Company’s Board subsequently approved a final reverse stock split ratio of 1-for-20 of the Company’s Class A common stock, par value \$0.0001 per share (“Class A Common Stock”), Class B Non-Voting common stock, par value \$0.0001 per share (“Class B Non-Voting Common Stock”) and Class V common stock, par value \$0.0001 per share (“Class V Common Stock”) (collectively, the “Reverse Stock Split”). The Reverse Stock Split became effective as of October 16, 2023 (the “Effective Time”). No fractional shares of Common Stock were issued in connection with the Reverse Stock Split, and stockholders who would otherwise have received a fractional share of Common Stock pursuant to the Reverse Stock Split received cash in lieu of the fractional share, with reference to the closing trading price of the Company’s Class A Common Stock on the trading day immediately preceding the Effective Time (as adjusted to give effect to the reverse stock split), without interest.

The reverse stock split had no effect on the par value of the Company’s Common Stock. The total number of shares of Class A Common Stock that the Company is authorized to issue was reduced from 1,000,000,000 to 50,000,000, the total number of shares of Class B Non-Voting Common Stock that the Company is authorized to issue was reduced from 100,000,000 to 5,000,000, the total number of shares of Class V Common Stock that the Company is authorized to issue was reduced from 500,000,000 to 25,000,000 and the total number of shares of Preferred Stock, par value \$0.0001 per share (“Preferred Stock”) that the Company is authorized to issue was reduced from 100,000,000 to 5,000,000. Immediately after the Reverse Stock Split, each stockholder’s percentage ownership interest in the Company and proportional voting power remained unchanged, except for minor changes resulting from the treatment of fractional shares.

As of the Effective Time, proportional adjustments were also made to the number of shares of Class A Common Stock issuable pursuant to the Company’s outstanding warrants, Note (as defined below) and equity awards, as well as the number of shares

[Table of Contents](#)

authorized and reserved for issuance pursuant to the Company's equity incentive and employee stock purchase plans. The exercise prices, conversion prices and stock price targets of outstanding warrants, Note and equity awards were also proportionately adjusted, as applicable. All historical share and per share amounts have been adjusted to reflect the Reverse Stock Split for all periods presented.

## (2) Significant Accounting Policies

### (a) Basis of Presentation

The Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The Consolidated Financial Statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. All intercompany balances and transactions have been eliminated in consolidation.

For the year ended December 31, 2021, the Consolidated Financial Statements present the consolidated results of operations, comprehensive loss, cash flows and changes in equity of Inspirato LLC.

### (b) Reclassification of Prior Year Presentation

Reclassifications of previously reported amounts have been made to conform to the current year's presentation where accounts payable and accrued liabilities, which had been previously reported separately, have been combined within the Consolidated Balance Sheets and Consolidated Statements of Cash Flows. This reclassification did not impact previously reported amounts on the Company's audited Consolidated Statements of Operations or Consolidated Statements of Equity.

To conform with the current year's presentation where equity-based compensation reported is allocated between the applicable financial statement line items within the Consolidated Statements of Operations, the Company reclassified \$0.7 million and \$2.6 million of equity-based compensation expense for the years ended December 31, 2021 and 2022, respectively, out of general and administrative and into cost of revenue, sales and marketing, operations, and technology and development. This adjustment did not impact the Company's gross margin or net loss presented within the Consolidated Statements of Operations for the year ended December 31, 2021. This adjustment impacted gross margin presented within the Consolidated Statements of Operations for the year ended December 31, 2022. This adjustment did not impact previously reported amounts on the Company's audited Consolidated Balance Sheets, Consolidated Statements of Equity or Consolidated Statements of Cash Flows. See the table below for a reconciliation of previously reported balances to the adjusted balances for this year's presentation within the Consolidated Statements of Operations (in thousands):

	<u>Previously Reported</u>		<u>Adjustment</u>		<u>Adjusted Presentation</u>	
	<u>For the year</u>		<u>For the year</u>		<u>For the year</u>	
	<u>ended December 31,</u>		<u>ended December 31,</u>		<u>ended December 31,</u>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Cost of revenue	\$ 152,747	\$ 228,362	\$ —	\$ 39	\$ 152,747	\$ 228,401
General and administrative	\$ 50,477	\$ 68,383	\$ (691)	\$ (2,576)	\$ 49,786	\$ 65,807
Sales and marketing	\$ 27,821	\$ 38,540	\$ 190	\$ 828	\$ 28,011	\$ 39,368
Operations	\$ 26,814	\$ 41,267	\$ 489	\$ 1,105	\$ 27,303	\$ 42,372
Technology and development	\$ 4,914	\$ 13,615	\$ 12	\$ 604	\$ 4,926	\$ 14,219

To conform with the current year's presentation where asset impairments are separately stated from cost of revenue within the Consolidated Statements of Operations, the Company reclassified the \$0.9 million asset impairment out of cost of revenue during the year ended December 31, 2022, resulting in a change in cost of revenue from \$229.3 million to \$228.4 million, and into asset impairment. No adjustment was necessary for the year ended December 31, 2021 as there were no asset impairments. This adjustment did not impact the Company's gross margin or net loss presented for the year ended December 31, 2022 nor did it impact previously reported amounts on the Company's audited Consolidated Balance Sheets, Consolidated Statements of Equity or Consolidated Statements of Cash Flows.

***(c) Use of Estimates***

The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the accompanying notes. Changes in facts and circumstances or discovery of new information may result in revised estimates, and actual results could differ from those estimates.

***(d) Cash and Cash Equivalents***

Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less. Cash balances held in banks exceed the federal depository insurance limit. The Company's cash is only insured up to the federal depository insurance limit. A significant portion of the Company's cash balances are held at a single banking institution.

Amounts in transit from credit card processors are also considered cash equivalents as they generally settle to cash within two to five days of the sales transaction.

***(e) Restricted Cash***

The Company classifies deposits as required to be maintained by its credit card and ACH processors as restricted cash.

***(f) Accounts Receivable***

Accounts receivables are recorded at the original invoiced amounts, net of a reserve for credit losses. The reserve for credit losses is estimated based on historical collectivity, aging of receivables, macroeconomic trends and other factors that may impact the Company's ability to collect against those receivables. As of both December 31, 2022 and 2023, the Company's reserve for credit losses was \$0.8 million.

***(g) Property and Equipment***

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives ranging from three to five years to depreciation and amortization within the Consolidated Statements of Operations. The cost of leasehold improvements is depreciated over the lesser of the remaining term of the associated leases or the estimated useful lives of the assets to cost of revenue within the Consolidated Statements of Operations. Capitalized purchased software costs are depreciated over three years to general and administrative within the Company's Consolidated Statements of Operations. Costs of maintenance and repairs are charged to their respective expense line item within the Consolidated Statements of Operations when incurred.

Direct costs incurred in the development of internal-use software are capitalized once the preliminary project stage is completed, management has committed to funding the project, and completion and use of the software for its intended purpose is probable. The Company ceases capitalization of development costs once the software has been substantially completed and is ready for its intended use. Software development costs are amortized over their estimated useful lives of three years within depreciation and amortization on the Consolidated Statements of Operations.

The Company's cloud computing arrangements include software licenses purchased from external vendors. Implementation costs incurred during the application development stage and other costs meeting certain criteria are capitalized. These assets are included in other noncurrent assets on the Company's Consolidated Balance Sheets and amortized on a straight-line basis over their assessed useful lives.

The carrying amounts of the Company's long-lived assets, including lease right-of-use assets, are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than the Company had originally estimated. The recoverability of these assets is measured by comparing the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over their remaining lives. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. If the useful life is shorter than originally estimated, the remaining carrying value is amortized over the new shorter useful life.

## [Table of Contents](#)

There were no property and equipment impairments during the years ended December 31, 2021 and 2022 and there were \$0.3 million in property and equipment impairments during the year ended December 31, 2023, which were recorded to asset impairments within the Company's Consolidated Statements of Operations.

### **(h) Leases**

The Company is party to operating lease agreements for its vacation homes, certain hotels and corporate offices. Operating lease assets are included within right-of-use ("ROU") assets and the corresponding operating lease liabilities are included within lease liabilities and lease liabilities, noncurrent on the Company's Consolidated Balance Sheets. The Company has elected not to present short-term leases on the Consolidated Balance Sheets as these leases have a lease term of 12 months or less at lease inception and do not contain purchase options or renewal terms that the Company is reasonably certain to exercise. All other right-of-use assets and lease liabilities are recognized based on the present value of lease payments over the lease term at the later of ASC 842 adoption date or lease commencement date. Because none of the Company's leases provide an implicit rate of return, the Company used the Company's incremental borrowing rate based on the information available at adoption date or lease commencement date in determining the present value of lease payments. The Company also elected the practical expedient to not separate lease and non-lease components for all of the Company's current classes of leases.

During the years ended December 31, 2021, 2022 and 2023, the Company recognized \$0.0 million, \$0.9 million and \$40.5 million of impairment expense within the Company's Consolidated Statements of Operations related to ROU assets with carrying values in excess of their recoverable values. The recoverability of these ROU assets is assessed by comparing the carrying amount of each asset to the future net undiscounted cash flows the asset is expected to generate over its remaining life.

### **(i) Goodwill**

Goodwill arose from the acquisition of certain assets of Portico Club, LLC ("Portico") on December 16, 2013. Goodwill was recorded based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Goodwill is not amortized, but rather is assessed annually for impairment on December 1 and when events and circumstances indicate that the fair value of a reporting unit with goodwill has been reduced below its carrying value. The Company has determined that the Company has one reporting unit. The test for impairment requires that the Company first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, the Company then performs a quantitative impairment test. Otherwise, the quantitative impairment test is not required. The Company performed its annual qualitative assessment and determined based on that assessment that it is not more likely than not that the fair value of the Company's reporting unit is less than its carrying value, and as such, determined that no goodwill impairment charges were necessary. No goodwill impairment charges were recognized during the years ended December 31, 2021, 2022 or 2023.

### **(j) Revenue**

The Company's revenue is reported net of discounts and incentives as a reduction of the transaction price. Some of the Company's contracts with members contain multiple performance obligations. For member contracts that include multiple performance obligations, the Company accounts for individual performance obligations as if they are distinct. The transaction price is then allocated to each performance obligation based on its standalone selling price. The Company generally determines the standalone selling price based on the prices charged to members.

#### *Subscription Revenue*

The Company's contracts with members grant access to book the Company's residences and other privileges that vary based on the type of active paid member subscription ("Subscription"). The Company's predominant subscription offerings include *Inspirato Club* and *Inspirato Pass* Subscriptions. *Inspirato Club* Subscriptions grant access to the Company's portfolio. In addition to *Inspirato Club* Subscription benefits, *Inspirato Pass* Subscriptions include the ability to book certain stays without paying additional nightly rates, taxes or fees. Subscriptions generally include an enrollment fee and monthly, semi-annual, annual, or multi-year fees, which are generally paid upfront and are recorded as deferred revenue on the Consolidated Balance Sheets. The Company has an unconditional right to these fees in its contracts with members for a Subscription as the Company provides the right to book to its members. Thus, the Company recognizes Subscription fee revenue over the respective contract period.

## [Table of Contents](#)

New *Legacy* subscriptions are no longer sold, however, members who purchased a legacy subscription paid a substantial upfront payment to join the club and, on an ongoing basis, are charged dues which allow members continued access to the Company's portfolio, similar to *Inspirato Club* members. *Legacy* dues are recognized to revenue within the Company's Consolidated Statements of Operations. The initial upfront *Legacy* payments made were deferred and are recognized to revenue over 5 years, the expected *Legacy* customer's time within the club, within the Company's Consolidated Statements of Operations. From those payments, \$4.2 million and \$1.0 million remain within deferred revenue on the Consolidated Balance Sheets as of December 31, 2022 and 2023, respectively.

Additional Subscription revenue is generated from *Inspirato for Good* ("*IFG*") and *Inspirato for Business* ("*IFB*"). *IFG* is a platform where the Company works with nonprofit organizations to auction travel packages during the nonprofit's events. *IFB* represents the Company's business-to-business channel which caters towards the incentive travel market for other companies with a ready-to-use travel solution to reward and retain their employees and business partners. *IFG* and *IFB* contracts include both subscription and travel performance obligations which are allocated to each performance obligation based on their standalone selling prices and are recognized to revenue within the Company's Consolidated Statements of Operations as each performance obligation is satisfied.

Contracts are cancellable at the end of their contract term. The Company has determined that enrollment fees for Subscriptions do not provide a material right to a member and thus, these enrollment fees are recognized upon receipt. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined the Company's contracts do not include a significant financing component.

### *Travel Revenue*

When a trip is purchased, the Company records the cash received as deferred revenue on the Consolidated Balance Sheets. Travel revenue is recognized to revenue within the Company's Consolidated Statements of Operations as performance obligations are met over the period of the stay. Revenue related to cancellation fees and other fees is recognized to revenue within the Company's Consolidated Statements of Operations as the associated obligations to members are satisfied or extinguished.

The Company is required to collect certain taxes from customers on behalf of government agencies and remit these back to the applicable governmental entity on a periodic basis. These taxes are not recognized as revenue. Rather, the Company records a liability within accounts payable and accrued liabilities on the Consolidated Balance Sheets upon collection from the customer and reduces the liability when payments are remitted to the applicable governmental agency.

### *Loyalty Program*

In August of 2023, the Company implemented a member loyalty program called *Inspirato Rewards* ("*Rewards*"). *Rewards* members accumulate rewards based on their activity with *Inspirato*. Members who earn one of the three *Rewards* statuses may be entitled to, depending on their status, extra savings on *Inspirato Club* bookings; early access to new property releases, new *Experiences* and year-end festive dates; and complementary nights, among other benefits, which provide them with a material right to free or discounted goods or services in the future.

The Company defers a portion of member spend, which represents the value of the program's separate performance obligation, to *Rewards* within deferred revenue on the Company's Consolidated Balance Sheets. The Company determines the standalone selling price of these performance obligations related to *Rewards* based on the aggregate estimated value of usage of individual benefits within the program in relation to total member spend. The Company's estimates of usage and value of the program are updated on a regular basis to incorporate recent member trends and projections. Revenues related to *Rewards* are recognized over time based upon historical travel patterns and members' average life, which includes an estimate of *Rewards* benefits that will expire or will not be used during the benefit period of the *Rewards* material rights (up to 30 months). As *Rewards* revenue is recognized, the deferred revenue related to *Rewards* is reduced and is recognized to revenue within in the Consolidated Statements of Operations.

*Deferred Revenue*

As a result of the timing difference from when a member purchases a product, the Company records any unrecognized portion of travel revenue, prepaid enrollment and Subscription dues, and travel credits to be delivered as deferred revenue on the Company's Consolidated Balance Sheets until applicable performance obligations are met.

Additionally, members may purchase travel credits or obtain them upon cancelling a trip in certain situations. Travel credits can be applied towards future services, including Subscription and travel. Travel credits are recorded as deferred revenue on the Company's Consolidated Balance Sheets until either the satisfaction of the purchased performance obligations for or the expiration of the credits occurs which is generally 3 years.

**(k) Cost of revenue**

Cost of revenue includes costs directly related to delivering travel to the Company's members as well as depreciation and amortization related to leasehold improvements and equipment at residences. These direct costs include payments for properties the Company leases, operating and maintenance costs of those properties, including on-site service personnel costs, costs paid to the Company's hotel partners for member stays, and booking costs from *Inspirato Only* experiences and Bespoke trips.

**(l) Advertising Costs**

The Company incurs advertising expenses to promote the Company's brand. The Company expenses the production costs associated with advertisements in the period in which the advertisement first takes place and expenses the costs of placing the advertisement as incurred each time the advertisement is shown. Advertising expenses are included in sales and marketing expense within the Company's Consolidated Statements of Operations and totaled \$8.5 million, \$8.0 million and \$7.1 million for the years ended December 31, 2021, 2022, and 2023, respectively.

**(m) Equity-Based Compensation**

The Company accounts for equity-based compensation for all transactions in which an entity exchanges its equity instruments for goods or services, which generally require the Company to measure the cost of employee services received in exchange for an award of equity instruments in earnings based on the fair value and vesting provisions of the award on the date of grant. Compensation cost is recognized on a straight-line basis over the requisite service period, with forfeitures accounted for as they occur.

**(n) Income Taxes**

For periods prior to the Business Combination, Inspirato LLC was treated as a partnership for U.S. federal income tax purposes. As a partnership, Inspirato LLC is generally not subject to U.S. federal income tax under current U.S. tax laws, and any taxable income or loss is passed through and included in the taxable income or loss of its members, including Inspirato Incorporated. Inspirato Incorporated is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its distributive share of the items of the net taxable income or loss and any related tax credits of Inspirato LLC.

Subsequent to the Business Combination, Inspirato Incorporated holds an interest in Inspirato LLC, which continues to be treated as a partnership for U.S. federal income tax purposes. Inspirato LLC is also subject to taxes in foreign jurisdictions in which it operates.

Inspirato Incorporated is subject to income taxes. The Company accounts for income taxes under the asset and liability method. Income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. The relevant tax laws are often complex and may be subject to different interpretations.

Deferred income taxes arise from temporary differences between the financial statement carrying amount and the tax basis of assets and liabilities and are measured using the enacted tax rates expected to be in effect during the year in which the basis difference reverses. In evaluating the ability to recover its deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence. If based upon all available positive and negative evidence, it is more likely than not that the deferred tax assets will not be realized, a valuation allowance is established. The valuation allowance may be reversed in a

## [Table of Contents](#)

subsequent reporting period if the Company determines that it is more likely than not that all or part of the deferred tax asset will become realizable.

The Company's interpretations of tax laws are subject to review and examination by various taxing authorities and jurisdictions where the Company operates, and disputes may occur regarding its view on a tax position. These disputes over interpretations with the various tax authorities may be settled by audit, administrative appeals or adjudication in the court systems of the tax jurisdictions in which the Company operates. The Company regularly reviews whether it may be assessed additional income taxes as a result of the resolution of these matters, and the Company records additional reserves as appropriate. In addition, the Company may revise its estimate of income taxes due to changes in income tax laws, legal interpretations and business strategies. The Company recognizes the financial statement effects of uncertain income tax positions when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The Company records interest and penalties related to uncertain income tax positions in income tax expense. For additional information see Note 10 – Income Taxes.

### ***(o) Noncontrolling Interests***

Noncontrolling interests represent the economic interest of Inspirato LLC not owned by Inspirato Incorporated. These noncontrolling interests arose from the Business Combination. Noncontrolling interests were initially recorded as the relative proportion of the ownership interest to the net assets of Inspirato LLC at the time of the Business Combination. This amount is subsequently adjusted for the proportionate share of earnings or losses attributable to the noncontrolling interests, any dividends or distributions paid to the noncontrolling interests and any changes to Inspirato Incorporated's ownership of Inspirato LLC.

As of December 31, 2023, Inspirato Incorporated directly owned 54.9% of the interest in Inspirato LLC and the noncontrolling interest was 45.1%. The noncontrolling interest relates to the economic interests in Inspirato LLC held directly by owners of the Company's Inspirato Incorporated Class V common stock ("Class V Common Stock") in the form of New Common Units (as defined below) as a result of the Business Combination. See Note 3 - Reverse Recapitalization.

### ***(p) Derivative Instruments***

The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The Company's outstanding warrants are recognized as derivative liabilities. Accordingly, the Company recognizes the warrants as liabilities at fair value subject to re-measurement at each balance sheet date until exercised and any change in fair value is recognized in (gain) loss on fair value instruments within the Company's Consolidated Statements of Operations.

### ***(q) Segment Information***

The Company provides hospitality services in both the U.S. as well as other foreign jurisdictions and has both members and assets around the world. The Company is managed by a U.S. based management team and measures and evaluates financial and operational performance as a single enterprise. Services are sold from the U.S. and not differentiated based upon purchase location and information is reported to the chief operating decision maker and the executive team on an aggregated world-wide basis. The Company operates as a single segment.

### ***(r) Recently Adopted Accounting Pronouncements***

On January 1, 2023, the Company adopted Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. The Company adopted ASU 2016-13 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023 are presented under ASU 2016-13 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded increases to both accumulated deficit and noncontrolling interests of \$0.1 million as of January 1, 2023 for the cumulative effect of adopting ASU 2016-13.



## [Table of Contents](#)

In August of 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity* (“ASU 2020-06”). This guidance removes from GAAP separation models for convertible debt that require the convertible debt to be separated into a debt and equity component, unless the conversion feature is required to be bifurcated and accounted for as a derivative or the debt is issued at a substantial premium. As a result, after adopting the guidance, entities will no longer separately present such embedded conversion features in equity, and will instead account for the convertible debt wholly as debt. The guidance also requires use of the “if-converted” method when calculating the dilutive impact of convertible debt on earnings per share, which is consistent with the Company’s current accounting treatment. For smaller reporting companies, as defined by the SEC, the guidance is effective for financial statements issued for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, with early adoption permitted. In connection with the issuance of the Note (see Note 8), the Company adopted ASU 2020-06 and elected to follow the fair value option under the modified retrospective approach. There was no other impact of the adoption for the Company.

### **(s) Recently Issued Accounting Pronouncements Not Yet Adopted**

In December of 2023, the FASB issued Accounting Standards Update No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”). This guidance requires disclosure of specific categories in the rate reconciliation and provide additional information for reconciling items that meet a specified quantitative threshold. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this guidance on the Company’s Consolidated Financial Statements.

In November of 2023, the FASB issued Accounting Standards Update No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). This guidance provides new segment disclosure requirements for entities with a single reportable segment and modifies certain reportable segment disclosure requirements. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this guidance on the Company’s Consolidated Financial Statements.

### **(3) Reverse Recapitalization**

On February 11, 2022, Inspirato LLC and Thayer consummated the Business Combination, resulting in Inspirato LLC becoming a subsidiary of the Company. The resulting Company organizational structure is commonly referred to as an umbrella partnership corporation. This organizational structure allows certain holders of the noncontrolling interests in Inspirato LLC, who also hold noneconomic voting interests in Inspirato Incorporated through their ownership of Class V Common Stock of Inspirato Incorporated (“Continuing Inspirato Members”), to retain their equity ownership directly in Inspirato LLC.

The Business Combination was accounted for as a reverse recapitalization in accordance with GAAP and resulted in Inspirato Incorporated owning 41.2% of the issued and outstanding units of Inspirato LLC at the Closing and the Continuing Inspirato Members owning a noncontrolling interest of Inspirato LLC.

As a result of the Business Combination, each outstanding unit of Inspirato LLC was cancelled and each unitholder received either (i) a number of shares of Class A Common Stock equal to 37.2275 (the “Exchange Ratio”) for each unit of Inspirato LLC owned and certain rights under a tax receivable agreement (the “Tax Receivable Agreement”) or (ii) a number of new common units of Inspirato LLC (“New Common Units”) equal to the Exchange Ratio, an equal number of shares of Class V Common Stock, which have no economic value, but each share of which entitles the holder thereof to one vote, and certain rights under the Tax Receivable Agreement. In addition, options to purchase Inspirato LLC units were converted into options to purchase shares of Class A Common Stock at the Exchange Ratio and outstanding warrants of Inspirato LLC were ultimately converted into warrants to purchase Class A Common Stock (the “Public Warrants”).

In connection with the Closing, the Company raised \$90 million of gross proceeds including \$88 million from the issuance of 440,000 shares of Class A Common Stock to a number of accredited investors pursuant to a separate subscription agreement entered into on June 30, 2021, as amended. The Company incurred \$25 million in transaction costs during the year ended December 31, 2022, consisting of banking, legal and other professional fees, of which \$24 million was recorded as a reduction to additional paid-in capital and the remaining \$1.1 million was expensed in the Consolidated Statements of Operations. The total net cash proceeds to the Company as a result of the Business Combination were \$66 million.

**(4) Revenue**

Revenues are as follows (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Travel	\$ 134,373	\$ 198,925	\$ 190,271
Subscription	100,024	145,651	137,606
Rewards and other revenue	350	954	1,223
<b>Total</b>	<b>\$ 234,747</b>	<b>\$ 345,530</b>	<b>\$ 329,100</b>

The Company recognizes assets and liabilities associated with its contracts with its members. Contract assets include commissions paid to the Company's sales staff for contracts with initial terms greater than one year; these costs are capitalized and amortized over the life of the contract. At December 31, 2023, the balance of capitalized commissions was \$1.9 million, of which \$1.1 million is included within other current assets and \$0.8 million is included within other noncurrent assets on the Company's Consolidated Balance Sheets. During the year ended December 31, 2023, the Company recognized \$0.6 million of amortization expense related to these contract assets, of which \$0.4 million was recognized in cost of revenue and \$0.2 million was recognized in sales and marketing within the Company's Consolidated Statements of Operations. No amortization expense was recognized during the years ended December 31, 2021 and 2022. Contract liabilities include deferred revenue as discussed below.

Assets and liabilities related to contracts with members are as follows (in thousands):

	<b>December 31,</b>	
	<b>2022</b>	<b>2023</b>
<b>Assets:</b>		
Accounts receivable, net	\$ 3,140	\$ 3,306
Prepaid member travel	\$ 19,915	\$ 20,547
Other current assets	\$ —	\$ 1,053
Other noncurrent assets	\$ —	\$ 845
<b>Liabilities:</b>		
Deferred revenue, current	\$ 167,733	\$ 160,493
Deferred revenue, noncurrent	\$ 18,321	\$ 17,026

Deferred revenue is comprised of the following (in thousands):

	<b>December 31,</b>	
	<b>2022</b>	<b>2023</b>
Travel	\$ 86,931	\$ 81,613
Subscriptions	77,081	66,367
Travel credits	22,042	18,852
Rewards	—	10,687
<b>Total</b>	<b>186,054</b>	<b>177,519</b>
Less: Deferred revenue, noncurrent	18,321	17,026
<b>Deferred revenue, current</b>	<b>\$ 167,733</b>	<b>\$ 160,493</b>

During the year ended December 31, 2023, approximately \$148.6 million of revenue was recognized that was included in the balance of deferred revenue as of December 31, 2022. Significant movements in the deferred revenue balance during the year ended December 31, 2023 consisted of increases due to payments received prior to transfer of control of the underlying performance obligations to the customer, which were offset by decreases as performance obligations were satisfied. During the year ended December 31, 2022, approximately \$168 million of revenue was recognized that was included in the balance of deferred revenue as of December 31, 2021.

[Table of Contents](#)

The *Rewards* program included member spend for all of 2023 resulting in the recognition of deferred revenue attributed to *Rewards* of \$6.8 million upon the launch of the program in August of 2023.

As of December 31, 2023, deferred revenue is expected to be recognized in the following years (in thousands):

<b>Year ended</b>	<b>December 31,</b>
2024	\$ 160,493
2025	11,789
2026	2,999
2027	1,310
2028 and thereafter	928
<b>Total</b>	<b>\$ 177,519</b>

#### (5) Prepaid Expenses and Prepaid Member Travel

##### *Prepaid expenses*

Prepaid expenses are as follows (in thousands):

	<b>December 31,</b>	
	<b>2022</b>	<b>2023</b>
Software	\$ 3,601	\$ 2,899
Insurance	1,581	1,873
Property operations	4,299	720
Operating supplies	1,441	643
<b>Total</b>	<b>\$ 10,922</b>	<b>\$ 6,135</b>

##### *Prepaid Member Travel*

Prepaid member travel of \$19.9 million and \$20.5 million at December 31, 2022 and 2023, respectively, include deposits for future member travel.

#### (6) Property and Equipment, Net

Property and equipment, net are as follows (in thousands, other than years):

	<b>Useful Life (years)</b>	<b>December 31,</b>	
		<b>2022</b>	<b>2023</b>
Residence leasehold improvements	3	\$ 15,302	\$ 21,372
Internal-use software	3	13,559	16,510
Corporate office leasehold improvements	3	5,156	5,323
Furniture, fixtures and equipment	5	1,208	1,214
Computer equipment	3	1,436	1,114
Residence vehicles	5	806	689
Total cost		37,467	46,222
Accumulated depreciation and amortization		(19,169)	(26,718)
<b>Property and equipment, net</b>		<b>\$ 18,298</b>	<b>\$ 19,504</b>

**(7) Accounts Payable and Accrued Liabilities**

The following table presents the components of accounts payable and accrued liabilities (in thousands):

	December 31,	
	2022	2023
Trade creditors	\$ 21,356	\$ 11,644
Occupancy taxes payable	7,231	6,823
Compensation accruals	5,475	3,786
Income and other taxes payable	2,024	495
<b>Accounts payable and accrued liabilities</b>	<b>\$ 36,086</b>	<b>\$ 22,748</b>

**(8) Debt*****Convertible Note***

On August 7, 2023, the Company entered into an investment agreement (the “Investment Agreement”) with Oakstone Ventures, Inc. (the “Purchaser”), an affiliate of Capital One Services, LLC (“Capital One”), relating to the sale and issuance to the Purchaser of an 8% Senior Secured Convertible Note due 2028 in a principal amount of \$25.0 million (the “Note”). On September 29, 2023, the Company issued the Note pursuant to the Investment Agreement. The total net proceeds from this offering were \$23.1 million, after deducting \$1.9 million of debt issuance costs.

The Note is an unsubordinated secured obligation of the Company. The Note is secured by a first priority security interest in substantially all of Inspirato Incorporated’s and its domestic subsidiaries’ assets. The Note is fully and unconditionally guaranteed by certain existing and future domestic subsidiaries of the Company. The Note bears interest at a fixed rate of 8% per annum. Interest on the Note is payable quarterly on the last business day of each calendar quarter following the issuance of the Note and is payable at the election of the Company in cash or in kind by increasing the outstanding principal amount of the Note by the amount of interest payable on such interest payment date. The Note will mature on September 29, 2028, subject to earlier conversion, redemption or repurchase. As of December 31, 2023, the outstanding amount of the Note was \$25.5 million.

The conversion price of the Note is \$30 per share, which has been adjusted for the September 26, 2023 reverse stock split, and continues to be subject to customary adjustments upon additional certain extraordinary events, including any dividend of Company securities or other property, stock split, stock combination, reclassification, consolidation, merger or a sale of all or substantially all of the Company’s assets.

The Note is convertible at the option of the holder into shares of Class A Common Stock. However, to the extent that the conversion of the Note would result in any holder subject to certain regulations under the Bank Holding Company Act of 1956 (the “BHC Act”) owning or controlling greater than 4.99% of the voting power of any “class” of “voting securities” of the Company for purposes of the BHC Act (the “Voting Threshold”), then the Note would first convert into Class A Common Stock up to the Voting Threshold, and the excess would convert into shares of the Company’s Class B Non-Voting Common Stock, which are generally identical to the Class A Common Stock except that the Class B Non-Voting Common Stock is not entitled to vote on any matters submitted to the Company’s stockholders other than certain enumerated actions or as otherwise required by law. To the extent that the conversion of the Note would result in any holder subject to certain regulations under the BHC Act owning or controlling greater than 24.99% of the sum of the number of issued and outstanding shares of Class A Common Stock and Class B Non-Voting Common Stock (the “Ownership Threshold”), then the Note would convert into the maximum number of Class A Common Stock and Class B Non-Voting Common Stock allowable by the Voting Threshold and the Ownership Threshold, and the excess would remain outstanding and become convertible only when conversion would not cause the holder to exceed the Voting Threshold and Ownership Threshold. The Note is convertible in whole or in part at the option of the Purchaser at any time subject to restrictions as dictated by the BHC Act.

On or after the three-year anniversary of the Closing, the Note will be redeemable (subject to certain terms and conditions) by the Company in whole (but not in part) at a redemption price equal to the fair market value of the Class A Common Stock issuable upon conversion of the then-outstanding principal amount of the Note.

## [Table of Contents](#)

Upon a change of control of the Company, the termination of the commercial agreement between Inspirato LLC and an affiliate of the Purchaser executed pursuant to the Investment Agreement (“Commercial Agreement”) by the Company or the termination of the Commercial Agreement by Capital One due to the Company’s material breach, the Purchaser may require the Company to repurchase all or any part of its Note at a cash price equal to the greater of (i) 1.5 times the then-outstanding principal amount and accrued and unpaid interest thereon or (ii) the then-fair market value of the shares issuable upon conversion of the portion of the Note to be repurchased. Upon an Event of Default, the Purchaser may declare the principal of, and all accrued and unpaid interest under, to be due and payable on the Note immediately. The Note also includes a minimum liquidity threshold of \$10 million.

The Note and the documents governing the security interest granted to secure the Note include customary affirmative and negative covenants. The affirmative covenants include, among other things, payment of principal and interest when due, delivery of compliance certificates and notices, maintenance of existence and guarantee obligations. The negative covenants include, among other things, limitations on mergers, consolidations, acquisitions, the incurrence of liens (subject to certain exceptions) and the sale, lease or transfer of all or substantially all of the Company’s assets.

The Company has elected to carry the Note at fair value, with changes in its value recognized as fair value gains or losses on the Consolidated Statement of Operations. Fair value gains of \$1.6 million for the year ended December 31, 2023 were recorded in (gain) loss on fair value instruments within the Company’s Consolidated Statement of Operations. Debt issuance costs of \$1.9 million were immediately recorded in interest, net on the Consolidated Statement of Operations during the year ended December 31, 2023.

### ***Loan Facility***

In October of 2020, the Company obtained a revolving line of credit that was scheduled to mature October of 2023 and was terminated in March of 2023. The facility had a limit of \$14 million. Interest rates associated with the facility adjusted based on the prime rate and outstanding balance. The interest rate was 8.50% as of December 31, 2022. Interest expense related to the facility for the years ended December 31, 2021 and 2022 totaled \$0.6 million and \$0.3 million, respectively. There was no interest expense related to the facility for the year ended December 31, 2023.

### ***Interest, Net***

As a result of each facility above, the Company incurred \$0.6 million, \$0.3 million and \$2.4 million in interest expense during the years ended December 31, 2021, 2022 and 2023, respectively, which was offset by interest income from the Company’s banking relationship of \$0.0 million, \$0.1 million and \$1.3 million, respectively. This resulted in a net interest expense of \$0.6 million, \$0.2 million and \$1.1 million for the years ended December 31, 2021, 2022 and 2023, respectively, which has been recognized to interest, net within the Company’s Consolidated Statements of Operations.

### ***Paycheck Protection Program***

During the year ended December 31, 2020, the Company received a Paycheck Protection Program (“PPP”) loan in the amount of \$9.4 million with a maturity date of April of 2022. The loan was an interest only loan with the full balance due upon maturity. The PPP program was created under the Coronavirus Aid, Relief, and Economic Security Act and was administered by the Small Business Administration (“SBA”). The Company submitted a request for forgiveness of the entire loan balance in September of 2020, and in June of 2021, the Company received notice from the SBA that the loan has been forgiven and the SBA repaid the lender on the Company’s behalf. The Company recorded a gain on forgiveness of debt of \$9.5 million in June of 2021, representing the principal amount of the loan and accrued interest through the forgiveness date.

The SBA has the ability to review the Company’s loan file until June of 2027, six years after the date the loan was forgiven and repaid in full. The results of any review could result in the SBA requesting additional documentation to support the Company’s initial eligibility for the loan and request for loan forgiveness, with the potential for the SBA to pursue legal remedies at its discretion.

### **(9) Leases**

The Company enters into operating leases primarily for standalone homes, luxury condos and hotel rooms and suites. As of December 31, 2023, active leases have remaining initial terms ranging from 1 to 19 years, and generally contain extension options at the approval of both parties. The Company has not generally included these renewal periods in the lease term as it is not reasonably certain that the renewal option will be exercised. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Variable lease expense includes expenses incurred as a result of the lease agreement which are not considered

[Table of Contents](#)

known expenses at lease inception and are recognized as incurred. Variable expenses can include, but are not limited to, revenue shares, owner buyback adjustments and usage-based agreements. Operating lease expense and variable lease expense are included in cost of revenue within the Consolidated Statements of Operations.

The following table details the composition of operating lease expense (in thousands):

	Year Ended December 31,		
	2021	2022	2023
Operating lease expense	\$ 62,772	\$ 82,901	\$ 85,305
Variable lease expense	\$ 3,797	\$ 1,555	\$ 908

The maturities of the Company's operating lease liabilities as of December 31, 2023 are as follows (in thousands):

<u>Years ending</u>	<u>December 31,</u>
2024	\$ 79,749
2025	64,655
2026	47,853
2027	35,770
2028	27,477
Thereafter	70,703
Total minimum lease payments	326,207
Less: interest expense	(67,379)
Present value of lease obligations	258,828
Less: current lease obligations	(61,953)
Long-term lease obligations	\$ 196,875

As of December 31, 2023, the Company was party to 21 leases that had not yet commenced. Future payments under these leases were \$28.1 million at December 31, 2023.

The following table presents additional information about the Company's operating lease obligations:

	December 31,	
	2022	2023
Weighted-average remaining lease term (in years)	5.6	5.6
Weighted-average discount rate	5.13 %	8.23 %

#### ***Impairment of Right-of-Use Assets***

The Company tests long-lived assets for recoverability whenever events or changes in circumstances suggest that the carrying value of an asset or group of assets may not be recoverable. During the year ended December 31, 2023, the Company reviewed cash flow forecasts of leases against the carrying value of their right-of-use assets. The Company determined that the right-of-use assets for 63 leases had net carrying values that exceeded their estimated undiscounted future cash flows. These leases were primarily related to one group of underperforming properties in a single geographic location. The Company then estimated the fair value of the asset groups based on their cash flows discounted at a rate commensurate with the risk involved and based on assumptions representative of market participants. The carrying values of the asset groups exceeded their fair values and, as a result, the Company recorded right-of-use asset impairments of \$40.5 million for the year ended December 31, 2023 to asset impairments within the Consolidated Statement of Operations.

#### **(10) Income Taxes**

Prior to the Business Combination, Inspirato LLC was treated as a pass-through entity for U.S. federal income tax purposes and, as such, was generally not subject to U.S. federal income tax at the entity level. Rather, the tax liability with respect to its taxable income was passed through to its unit holders. Therefore, no provision or liability for federal income tax has been included in the Company's Consolidated Financial Statements prior to the Closing Date.

[Table of Contents](#)

Domestic and foreign loss and comprehensive loss before income taxes consists of the following (in thousands):

	Year Ended December 31,		
	2021	2022	2023
Domestic	\$ (24,299)	\$ (53,885)	\$ (94,843)
Foreign	2,081	3,603	1,705
<b>Loss and comprehensive loss before income taxes</b>	<b>\$ (22,218)</b>	<b>\$ (50,282)</b>	<b>\$ (93,138)</b>

Income tax expense attributable to operations is comprised of the following (in thousands):

	Year Ended December 31,		
	2021	2022	2023
<b>Current:</b>			
Federal	\$ -	\$ -	\$ -
State	-	-	29
Foreign	-	799	692
<b>Total current</b>	<b>\$ -</b>	<b>\$ 799</b>	<b>\$ 721</b>
<b>Deferred:</b>			
Federal	\$ -	\$ -	\$ -
State	-	-	-
Foreign	-	-	-
<b>Total deferred</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax expense</b>	<b>\$ -</b>	<b>\$ 799</b>	<b>\$ 721</b>

The Company's income tax rate differs from the amounts computed by applying the U.S. federal income tax rate of 21% to loss and comprehensive loss before income taxes as a result of the following:

	Year Ended December 31,		
	2021	2022	2023
U.S. federal tax (expense) benefit at statutory rate	0.0%	21.0%	21.0%
State tax, net of federal benefit	0.0%	0.8%	3.1%
Foreign rate differential	0.0%	(1.6%)	(0.5%)
Net impact of noncontrolling interest and non-partnership operations on partnership outside basis	0.0%	(11.2%)	(2.2%)
Other	0.0%	0.0%	(0.1%)
Change in valuation allowance	0.0%	(10.6%)	(22.1%)
<b>Effective income tax rate</b>	<b>0.0%</b>	<b>(1.6%)</b>	<b>(0.8%)</b>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for income tax purposes.

[Table of Contents](#)

Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2022	2023
Deferred tax assets:		
Net operating loss	\$ 24,501	\$ 34,306
Investment in Inspirato LLC	7,514	20,232
Start-up costs	1,161	1,109
Other	-	6
Gross deferred tax assets	33,176	55,653
Valuation allowance	(33,176)	(55,653)
Total deferred tax assets	\$ -	\$ -
Deferred tax liabilities:		
Total deferred tax liabilities	\$ -	\$ -
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

Management regularly assesses the ability to realize deferred tax assets recorded based upon the weight of available evidence, including such factors as recent earnings history and expected future taxable income on a jurisdiction-by-jurisdiction basis. In the event that the Company changes its determination as to the amount of realizable deferred tax assets, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made. The Company's management believes that, based on a number of factors, it is more likely than not, that all or some portion of the deferred tax assets will not be realized; and accordingly, for the year ended December 31, 2023, the Company has provided a valuation allowance against the Company's U.S. net deferred tax assets. The net change in the valuation allowance for the year ended December 31, 2023 was an increase of \$22.5 million.

As of December 31, 2023, the Company had net operating loss carryforwards for federal income tax purposes of approximately \$140.6 million which will begin to expire in 2035 with \$75.7 million of the federal net operating loss carryforward lasting indefinitely. As of December 31, 2023, the Company had net operating loss carryforwards for state income tax purposes of approximately \$97.9 million which will begin to expire at various dates beginning in 2031.

In certain circumstances, due to ownership changes, the Company's net operating loss carryforwards may be subject to limitations under Section 382 of the Internal Revenue Code. The Company has not completed a study to assess whether an ownership change has occurred, as defined by IRC Sections 382, or whether there have been ownership changes since the Company's formation due to the complexity and cost associated with such a study. The Company estimates that if such a change did occur, the federal and state net operating loss carryforwards that can be utilized in the future could be significantly limited. There can be no assurance that the Company will ever be able to realize the benefit of some or all of the federal and state loss carryforwards, either due to ongoing operating losses or due to ownership change limitations.

#### ***Tax Receivable Agreement***

Inspirato Incorporated obtains an increase in its share of the tax basis in the net assets of Inspirato LLC when New Common Units are exchanged by the Continuing Inspirato Members and other qualifying transactions. As described in Note 3 — Reverse Recapitalization, each change in outstanding shares of Class A Common Stock results in a corresponding increase or decrease in Inspirato Incorporated's ownership of New Common Units. The Company intends to treat any exchanges of New Common Units as direct purchases of LLC interests for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that Inspirato Incorporated would otherwise pay in the future to various taxing authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

In connection with the Business Combination, the Company entered into a Tax Receivable Agreement (the "TRA"). Under the TRA, the Company generally will be required to pay to the Continuing Inspirato Members 85% of the amount of cash savings, if any, in U.S. federal, state or local tax that the Company realizes directly or indirectly (or are deemed to realize in certain circumstances) as a result of (i) certain tax attributes created as a result of any sales or exchanges (as determined for U.S. federal income tax purposes) to



[Table of Contents](#)

or with the Company of their interests in Inspirato for shares of Inspirato Incorporated's Class A common stock or cash, including any basis adjustment relating to the assets of Inspirato and (ii) tax benefits attributable to payments made under the TRA (including imputed interest). The Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. To the extent that the Company is unable to timely make payments under the TRA for any reason, such payments generally will be deferred and will accrue interest until paid.

**Unrecognized Tax Benefits**

Inspirato Incorporated was formed in July of 2020 and did not engage in significant operations prior to the Business Combination and associated organizational transactions. Inspirato LLC is treated as a partnership for U.S. federal and state income tax purposes and its tax returns are subject to examination by taxing authorities. As of December 31, 2023, \$0.5 million of the total unrecognized tax benefits, if recognized, would have an impact on the Company's effective tax rate. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

The following table summarizes the activities related to the Company's gross unrecognized tax benefits during the years ended December 31, 2021, 2022 and 2023 (in thousands):

	Year ended December 31,		
	2021	2022	2023
Balance at January 1,	\$ -	\$ -	\$ -
Increase in balance related to tax positions taken during prior years	-	-	487
Balance at December 31,	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 487</u>

The Company operates in multiple tax jurisdictions, and in the normal course of business, its tax returns are subject to examination by various taxing authorities. Such examinations may result in future assessments by these taxing authorities. All tax years generally remain open to examination by the taxing jurisdictions to which the Company is subject.

**(11) Equity of Inspirato Incorporated**

The Company had three classes of common stock: Class A, Class V and Class B Common Stock as of December 31, 2023. Holders of the Class A and Class V Common Stock will vote together as a single class on all matters submitted to stockholders for their vote or approval, except as required by applicable law, and each share of Class A or Class V Common Stock will be entitled to one vote on such matters. Holders of Class B Common Stock do not have voting rights. No class of common stock are subject to any conversion rights.

**Class A Common Stock**

The Company is authorized to issue 50,000,000 shares of Class A Common Stock, par value \$0.0001 per share. As of December 31, 2022 and 2023, there were 3,135,832 and 3,537,492 shares, respectively, of Class A Common Stock outstanding. The holders of the Company's Class A Common Stock are entitled to receive dividends when, as and if declared by the Company's Board out of legally available funds.

**Class V Common Stock**

The Company is authorized to issue 25,000,000 shares of Class V Common Stock, par value \$0.0001 per share. Shares were issued to Continuing Inspirato Members that continued to hold their investment in units of Inspirato LLC in connection with the Business Combination. The holders of the Class V Common Stock hold an equal number of New Common Units in Inspirato LLC. From time to time, the Class V Common Stock and New Common Units held by the Continuing Inspirato Members may be exchanged for one share Class A Common Stock of the Company or cash (based on the market price for a share of the Company's Class A Common Stock) as determined by the Company. The holders of the Company's Class V Common Stock are not entitled to receive dividends. As of December 31, 2022 and 2023, there were 3,067,974 and 2,906,959 shares, respectively, of Class V Common Stock outstanding.

***Class B Common Stock***

The Company is authorized to issue 5,000,000 shares of Class B Non-Voting Common Stock, par value \$0.0001 per share. As of December 31, 2023, there were no shares of Class B Non-Voting Common Stock outstanding. The holders of the Company's Class B Non-Voting Common Stock are not entitled to vote on any matters submitted to the Company's stockholders other than certain enumerated actions or as otherwise required by law. The holders of the Company's Class B Non-Voting Common Stock are entitled to receive dividends when, as and if declared by the Company's Board out of legally available funds. Class B common stock was created in conjunction with the Note and, therefore, no Class B common stock shares were issued or outstanding as of December 31, 2022.

***Preferred Stock***

The Company is authorized to issue 5,000,000 shares of Preferred Stock, par value \$0.0001 per share. As of December 31, 2022 and 2023, there were no shares of Preferred Stock outstanding.

***Inspirato LLC Equity***

For periods prior to the Business Combination, Inspirato LLC had equity-based compensation described in Note 13. Holders of the Inspirato LLC equity received Class A Common Stock or Class V Common Stock and New Common Units, pursuant to the terms of the Business Combination.

**(12) Earnings (Loss) Attributable to Inspirato Incorporated per Class A Share**

Basic and diluted earnings (loss) per share ("EPS") is computed utilizing shares that participate in the Company's earnings – including dividend rights. The Company's Class A and Class B Common Stock are the classes of shares that are entitled to the Company's earnings and dividends. As no shares of Class B Non-Voting Common Stock were issued as of December 31, 2023, the computation of basic and diluted earnings (loss) per share includes only Class A Common Stock.

Class V Common Stock does not have economic rights in Inspirato Incorporated, including rights to dividends or distributions upon liquidation, and, as a result, is not considered a security for EPS. Class V Common Stock does contain a conversion feature entitling stockholders to convert Class V Common Stock to Class A Common Stock. However, this conversion feature would have no impact on EPS as its assumed conversion under the if-converted method would have an equal proportionate impact on the numerator and denominator resulting in no change to diluted EPS.

EPS is computed using the two-class method. Under the two-class method, the Company allocates net income attributable to Inspirato Incorporated to Class A Common Stock (including those with vested share-based awards). Basic earnings per share is calculated by taking net income attributable to Inspirato Incorporated, less earnings allocated to Class A Common Stock, divided by the basic weighted-average Class A Common Stock outstanding. Net loss per share is calculated by taking net loss attributable to Inspirato Incorporated divided by weighted-average Class A Common Stock outstanding as Class V Common Stock do not share in losses as the impact would be anti-dilutive.

In accordance with the two-class method, diluted earnings (loss) per share is calculated using the more dilutive of the impact of the treasury-stock method or from reducing net income for the earnings allocated to Class A Common Stock. Additionally, adjustments from dilutive securities include those from restricted stock units, nonqualified stock options, warrants and profits interests when those securities would have a dilutive impact when utilizing the treasury stock method. Additionally, with the conversion feature of the Company's Note, when the Note's conversion impact is dilutive, interest expense, net of tax, is added back to net income to calculate diluted net income per share.

[Table of Contents](#)

EPS for the year ended December 31, 2021 was adjusted as a result of the Business Combination, see Note 3 for additional information. The following table summarizes the Company's EPS for the years ended December 31, 2021, 2022 and 2023:

	Year Ended December 31,		
	2021	2022	2023
Net loss attributable to Inspirato Incorporated (in thousands)	\$ (22,218)	\$ (24,057)	\$ (51,755)
Weighted average Class A Shares outstanding, Basic and diluted (in thousands)	5,276	2,616	3,380
Net loss attributable to Inspirato Incorporated per Class A Share, Basic and diluted (in dollars per share)	\$ (4.21)	\$ (9.20)	\$ (15.31)

Due to the net loss attributable to Inspirato Incorporated for the years ended December 31, 2021, 2022 and 2023, diluted weighted-average Class A shares outstanding are equal to basic weighted-average shares outstanding as the effect of dilutive securities was anti-dilutive.

The following securities are anti-dilutive for the years ended December 31, 2021, 2022 and 2023 (in thousands):

	Year Ended December 31,		
	2021	2022	2023
Restricted stock units	—	194	831
Stock options	400	344	232
Warrants	25	415	431
Profit interests	464	53	464
Note	—	—	850
<b>Anti-dilutive securities</b>	<b>889</b>	<b>1,006</b>	<b>2,808</b>

For the Note, the conversion spread of 850,378 shares is calculated by dividing the carrying value of the Note by the conversion price.

### (13) Equity-Based Compensation

During the years ended December 31, 2021, 2022 and 2023, the Company recognized \$3.3 million, \$8.8 million and \$13.7 million, respectively, of equity-based compensation. The following table details where equity-based compensation is recognized on the Company's Consolidated Statements of Operations (in thousands):

	Year Ended December 31,		
	2021	2022	2023
Cost of revenue	\$ —	\$ 39	\$ 65
General and administrative	2,567	6,226	9,569
Sales and marketing	190	828	1,499
Operations	489	1,105	1,734
Technology and development	12	604	785
<b>Total equity-based compensation</b>	<b>\$ 3,258</b>	<b>\$ 8,802</b>	<b>\$ 13,652</b>

The Company also recognized income tax benefits from stock compensation of \$0.0 million, \$0.9 million and \$1.7 million for the years ended December 31, 2021, 2022 and 2023, respectively.

### Unit Option Plan

Prior to the Business Combination, the Board of Inspirato LLC maintained an equity-based compensation plan (the "Unit Option Plan"), which provided for the grant of options to purchase the Inspirato LLC's common units, by Inspirato LLC's employees, directors and consultants. No issuances under the Unit Option Plan have been made since January 2021 and the Unit Option Plan was terminated in connection with the Business Combination.

[Table of Contents](#)

Options under the Unit Option Plan were granted at a price per unit equal to the fair value of the underlying common units at the date of grant. Options under the Unit Option Plan generally had a 10-year contractual term and vested over a three-year to five-year period starting from the date specified in each applicable option agreement. Each Inspirato LLC option from the Unit Option Plan that was outstanding immediately prior to the Business Combination, whether vested or unvested, was converted into an option to purchase a number of shares of the Class A Common Stock based on the Exchange Ratio (the “Exchanged Options”). Except as specifically provided in the Business Combination Agreement, following the Business Combination, each Exchanged Option has continued to be governed by the same terms and conditions (including vesting and exercisability terms) as were applicable to the corresponding former Inspirato LLC option immediately prior to the consummation of the Business Combination.

The following table represents nonqualified stock option activity for the years ended December 31, 2022 and 2023:

	Number of options (in thousands)	Weighted average exercise price
<b>Outstanding at December 31, 2021</b>	<b>391</b>	<b>\$ 15.60</b>
Exercised	(92)	15.60
Forfeited	(21)	15.60
Expired	(6)	15.60
<b>Outstanding at December 31, 2022</b>	<b>273</b>	<b>15.60</b>
Exercised	(36)	15.60
Forfeited	(33)	15.60
<b>Outstanding at December 31, 2023</b>	<b>204</b>	<b>\$ 15.60</b>
<b>Exercisable at December 31, 2023</b>	<b>204</b>	<b>\$ 15.60</b>

There were no options granted during the years ended December 31, 2022 or 2023. As of December 31, 2023, all of the remaining option expense had been recognized and the aggregate intrinsic value of outstanding options was \$0.0 million. Additionally, as of December 31, 2023, exercisable options and outstanding options both have a remaining weighted-average contractual term of five years.

#### *Profits Interests*

Prior to the Business Combination, Inspirato LLC granted awards of profits interests to certain key employees. In connection with the Business Combination, the profits interests were treated like other units in Inspirato LLC with respect to the consideration received as part of the Business Combination.

Each award of profits interests vests over the time period set forth in each individual profits interest award agreement underlying the award, subject to the applicable executive’s continued service and, upon the vesting of each award, the newly vested New Common Units become available to be converted from Class V shares to Class A shares. If an executive terminated service, any unvested profits interests held by such executive would be forfeited to Inspirato LLC.

As of December 31, 2022 and 2023, there were 465,000 and 355,000, respectively, as-converted profits interests issued and outstanding and all have been fully vested as of December 31, 2023. No profits interests have been issued since the consummation of the Business Combination.

#### **2021 Plan**

In connection with the Business Combination, the Company’s Board of Directors and stockholders approved the 2021 Equity Incentive Plan (the “2021 Plan”). The 2021 Plan became effective upon the consummation of the Business Combination. Under the 2021 Plan, the Company may grant options, stock appreciation rights, restricted stock, restricted stock units (“RSU”) and performance awards to employees, directors and consultants. Subject to the adjustment provisions contained in the 2021 Plan and the evergreen provision described below, the maximum number of shares of Class A Common Stock that may be issued pursuant to awards under the 2021 Plan is (i) 795,000 shares of Class A Common Stock plus (ii) any shares subject to stock options or other awards that were assumed in the Business Combination and expire or otherwise terminate without having been exercised in full, are tendered to or withheld by the Company for payment of an exercise price or for tax withholding obligations, or are forfeited to or repurchased by the Company due to failure to vest, with the maximum number of shares to be added to the 2021 Plan pursuant to clause (ii) equal to

[Table of Contents](#)

373,000 shares of Class A Common Stock. The 2021 Plan also includes an evergreen provision that provides for an automatic annual increase to the number of shares of Class A Common Stock available for issuance under the 2021 Plan on the first day of each fiscal year beginning with the 2022 fiscal year, equal to the least of: (x) 995,000 shares of Class A Common Stock, (y) 5% of the total number of shares of all classes of the Company's common stock as of the last day of the Company's immediately preceding fiscal year and (z) such lesser amount determined by the 2021 Plan's administrator. The 2021 Plan provides that the evergreen provision will operate only until the 10th anniversary of the earlier of the board or stockholder approval of the 2021 Plan. The RSUs vest subject to each employee's continued employment with the Company. The vesting start date for RSUs issued to existing employees as part of the first grant is January 1, 2022. Once granted, the RSUs vest ratably over a period of one to four years. RSUs typically have a cliff vesting on the first anniversary and continue to vest quarterly thereafter.

The following table represents RSU activity for the years ended December 31, 2022 and December 31, 2023:

	Number of units (in thousands)	Weighted average grant date fair value
<b>Outstanding at December 31, 2021</b>	—	\$ —
Granted	289	121.20
Vested	(5)	61.80
Forfeited	(8)	70.40
<b>Outstanding at December 31, 2022</b>	<b>275</b>	<b>124.60</b>
Granted	797	27.11
Vested	(174)	96.58
Forfeited	(171)	46.64
<b>Outstanding at December 31, 2023</b>	<b>727</b>	<b>\$ 41.42</b>

At December 31, 2023, there was \$20.6 million of unrecognized compensation cost related to RSUs which is expected to be recognized over a weighted average period of 2.4 years.

#### (14) Warrants

##### *Public Warrants*

The Company is party to issued and outstanding Public Warrants to purchase its Class A Common Stock at a price of \$230 per share, subject to adjustment for stock splits and/or extraordinary dividends, as described in the Assignment, Assumption and Amendment Agreement between the Company and Computershare Trust Company, N.A., as warrant agent, in respect of the Warrant Agreement between Thayer and Continental Stock Transfer & Trust Company (collectively, the "Warrant Agreement"). As of both December 31, 2022 and December 31, 2023, there were 8.6 million Public Warrants outstanding. Each of the Public Warrants is exercisable for 0.05 shares of Class A Common Stock.

The Company accounts for the Public Warrants as liabilities at fair value on the Consolidated Balance Sheets as the Public Warrants do not meet the criteria for classification within equity. The Public Warrants are subject to remeasurement at each balance sheet date.

The fair value of the warrants at December 31, 2022 and 2023 was \$0.8 million and less than \$0.1 million, respectively. The fair value losses and gains for the years ended December 31, 2021, 2022 and 2023 were losses of \$0.5 million, losses of \$1.7 million and gains of \$0.8 million, respectively, which were recorded to (gain) loss on fair value instruments within the Company's Consolidated Statements of Operations.

##### *Saks Warrants*

In March of 2023, the Company and Saks.com LLC ("Saks") entered into a Commercial Referral and Marketing Agreement (the "Saks Commercial Agreement") and a Warrant Agreement pursuant to which Saks may acquire up to 900,000 of the Company's Class A Common Stock (the "Saks Warrant Shares"). The Saks Warrant Shares shall vest and become exercisable by Saks based on certain subscription purchase referrals made by Saks to the Company under the terms of the Saks Commercial Agreement. The exercise price with respect to the Saks Warrant Shares is \$40.00 per share. Subject to certain conditions, including vesting conditions, the Saks Warrant Shares may be exercised, in whole or in part and for cash or on a net exercise basis, at any time before the later of the

[Table of Contents](#)

termination of the Saks Commercial Agreement or 90 days after the final vesting of the Saks Warrant Shares. Through December 31, 2023, there was not significant purchase activity facilitated through the Saks Commercial Agreement such that the fair market value of the warrants is less than \$0.1 million as of December 31, 2023.

**(15) Noncontrolling Interest**

The financial results of Inspirato LLC and its subsidiaries are consolidated with and into Inspirato Incorporated. For the period February 11, 2022 through December 31, 2022, 57.5% of the consolidated net loss of Inspirato LLC has been allocated to the noncontrolling interests of Inspirato LLC. During the year ended December 31, 2023, 44.9% of the consolidated net loss of Inspirato LLC has been allocated to the noncontrolling interests of Inspirato LLC. During the year ended December 31, 2022, the Company issued 421,000 shares of Class A Common Stock in exchange for the same number of New Common Units, resulting also in the cancellation of the same number of shares of Class V Common Stock. During the year ended December 31, 2023, the Company issued 161,000 shares of Class A Common Stock in exchange for the same number of New Common Units, resulting also in the cancellation of the same number of shares of Class V Common Stock.

The following table summarizes the changes in share ownership of Inspirato LLC (in thousands):

	New Common Units			Total
	Inspirato Incorporated	Continuing Inspirato LLC Members	Continuing Inspirato LLC Members subject to vesting	
Recapitalization	2,342	3,347	142	5,831
Conversion of Class V to Class A	421	(421)	—	—
Vesting of profits interests	—	57	(57)	—
Issuance of Common Stock	373	—	—	373
<b>Balance at December 31, 2022</b>	<b>3,136</b>	<b>2,983</b>	<b>85</b>	<b>6,204</b>
Conversion of Class V to Class A	161	(161)	—	—
Vesting of profits interests	—	85	(85)	—
Issuance of Common Stock	240	—	—	240
<b>Balance at December 31, 2023</b>	<b>3,537</b>	<b>2,907</b>	<b>—</b>	<b>6,444</b>

**(16) Commitments and Contingencies****Litigation**

The Company is involved in various legal proceedings. The Company establishes reserves for specific legal proceedings when the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. The Company does not believe that there is a reasonable possibility of material loss or loss in excess of the amount that the Company has accrued. The Company recognizes legal fees related to any ongoing legal proceeding as incurred.

On February 16, 2023, a class action lawsuit was filed in the U.S. District Court in the District of Colorado captioned Keith Koch, Individually and on behalf of all others similarly situated v. Inspirato Incorporated, Brent Handler, and R. Webster Neighbor. The complaint alleges violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder against all defendants, and Section 20(a) of the Exchange Act against the individual defendants. The complaint generally alleges that certain of the Company's prior public statements about its results of operations and financial condition were materially false and misleading because they misrepresented and failed to disclose adverse facts pertaining to the restatement of the Company's Consolidated Financial Statements as of and for the three months ended March 31, 2022 and June 30, 2022. The Company believes it has meritorious defense to the claims in this matter and intends to vigorously defend against them.

**Financial Guarantee Requirement**

Inspirato LLC is a party to a financial guarantee requirement with a third party. The guarantee was satisfied through a \$20 million surety bond that was increased to \$30 million on November 2, 2023. The financial guarantee bond agreement remains in effect and its term is continuous to align with the term of the agreement it supports.

**Credit Card Reserve**

The Company has committed to provide a \$10 million reserve balance with a credit card processor through credit card transactions. As of December 31, 2023, \$4.8 million was reserved and is included in restricted cash within the Consolidated Balance Sheet and the remaining balance is expected to be fully reserved for and included in restricted cash during the first quarter of 2024.

**(17) Fair Value Measurements**

Under ASC 820, *Fair Value Measurements and Disclosures*, disclosures relating to how fair value is determined for assets and liabilities are required and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs, as follows:

- **Level 1** – Quoted prices in active markets for identical assets and liabilities.
- **Level 2** – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes several valuation techniques in order to assess the fair value of its financial assets and liabilities.

The following tables set forth the fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and December 31, 2023 based on the three-tier fair value hierarchy (in thousands):

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 80,278	\$ —	\$ —	\$ 80,278
Restricted cash	1,661	—	—	1,661
Total	<u>\$ 81,939</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 81,939</u>
<b>Liabilities</b>				
Warrants	<u>\$ 759</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 759</u>

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 36,566	\$ —	\$ —	\$ 36,566
Restricted cash	5,700	—	—	5,700
Total	<u>\$ 42,266</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 42,266</u>
<b>Liabilities</b>				
Note	\$ —	\$ —	\$ 23,854	\$ 23,854
Warrants	48	—	—	48
Total	<u>\$ 48</u>	<u>\$ —</u>	<u>\$ 23,854</u>	<u>\$ 23,902</u>

The Company had no transfers of assets or liabilities between fair value hierarchy levels during the years ended December 31, 2022 and 2023.

#### ***Cash, Cash Equivalents and Restricted Cash***

Cash, cash equivalents and restricted cash are comprised of credit card receivables and cash and are categorized as Level 1 instruments. The Company maintains cash with various high-quality financial institutions and holds restricted cash with certain credit card processors as a deposit until services are rendered. Cash, cash equivalents and restricted cash are carried at cost, which management believes approximates fair value. As of December 31, 2022 and 2023, the Company had \$1.7 million and \$5.7 million, respectively, of restricted cash.

#### ***Warrants***

As the Public Warrants utilize an observable price in an active market to assess their fair value the warrants are categorized as Level 1 instruments. Additionally, as there was an immaterial amount of outstanding Saks Warrant Shares as of December 31, 2023, the Company concluded the fair market value of the outstanding Saks Warrant Shares to be less than \$0.1 million as of December 31, 2023.

#### ***Note***

The estimated fair value of the Company's Note has been determined to be a Level 3 measurement, as the Company utilizes a binomial lattice model where both the debt and stock features of the Note are considered. In reviewing the debt features of the Note, the Company considered its scheduled coupon and principal payments and compared them to those of instruments currently outstanding in the market of companies with similar credit ratings as well as the risk-free rate. In considering the stock features of the Note, the Company considered the value and volatility of its own stock, in addition to considering volatility of similar instruments in the marketplace as well as the conversion feature of the Note which is discounted at the risk-free rate.

### **(18) Employee Benefit Plans**

#### ***Employee Stock Purchase Plan***

The Company has an employee stock purchase plan (the "ESPP"), under which the Company is authorized to issue 200,000 shares of Class A Common Stock. As of December 31, 2022 and December 31, 2023, the Company had approximately 171,000 and 141,000 shares, respectively, of Class A Common Stock which remain available for issuance under the ESPP. Generally, all full-time employees are eligible to participate in the ESPP. Employee stock purchases are made through payroll deductions. The ESPP consists of six-month offering periods during which employees may enroll in the plan. The purchase price on each purchase date shall not be less than eighty-five percent (85%) of the lesser of (a) the fair market value of a share of stock on the offering date of the offering period or (b) the fair market value of a share of stock on the purchase date. During the year ended December 31, 2023, there were employee purchases of approximately 30,000 shares of Class A Common Stock through the ESPP.

#### ***401(k) Employee Savings Plan***

The Company sponsors a defined contribution 401(k) plan (the "Plan") that covers substantially all employees. Employees are eligible to begin participating in the Plan at the beginning of the first month following their employment with the Company. Employees participating in the Plan may contribute up to 90 percent of their compensation up to Internal Revenue Service annual limitations. The



[Table of Contents](#)

Plan provides for the Company to make a discretionary matching contribution. During the years ended December 31, 2021, 2022 and 2023, the Company matched 50 percent of an employee's contribution up to 6 percent of eligible pay with immediate 100 percent vesting. This match has a \$1,500 per employee cap each year. During the years ended December 31, 2021, 2022 and 2023, the Company matched \$0.9 million, \$1.3 million and \$1.1 million, respectively.

**(19) Geographic Information**

Physical long-lived assets consist of property and equipment, net and right-of-use assets. All software and intangible assets as of December 31, 2022 and 2023 were attributable to the United States. The following summary provides information concerning the Company's principal geographic areas related to its physical long-lived assets for the years ended December 31, 2022 and 2023 (in thousands):

	December 31,	
	2022	2023
Property and equipment, net	\$ 18,298	\$ 19,504
Right-of-use assets	271,702	209,702
<b>Total</b>	<b>\$ 290,000</b>	<b>\$ 229,206</b>
United States	\$ 205,469	\$ 171,332
Outside the United States	\$ 84,531	\$ 57,874

Revenue earned from subscription and travel services are charged on a bundled basis, without regard to where services are delivered, and periodically include a portion of services provided outside of the US.

The following summary provides information concerning the Company's revenue by principal geographic area, determined based on the location of cash receipts (in thousands):

	Year Ended December 31,		
	2021	2022	2023
United States	\$ 225,683	\$ 331,426	\$ 315,643
Outside the United States	9,064	14,104	13,457
<b>Total</b>	<b>\$ 234,747</b>	<b>\$ 345,530</b>	<b>\$ 329,100</b>

**(20) Related Party Transactions**

As part of the Portico acquisition in 2013, Inspirato LLC entered into certain ancillary and commercial arrangements with Exclusive Resorts, where several of our significant shareholders also hold a significant investment, primarily involving the continuation of services to Portico members until such memberships terminate. At December 31, 2022 and December 31, 2023, balances due from related parties for these arrangements totaled \$0.7 million and \$0.8 million, respectively, and is recorded to accounts receivable, net – related parties on the Company's Consolidated Balance Sheets. Revenue related to these arrangements is included in the Company's travel revenue. Separating revenue related to Portico's members from the Company's total travel revenue is not practicable.

In July of 2023, Inspirato LLC entered into a temporary use agreement with Exclusive Resorts for certain of the Company's properties for which the Company recognized \$0.1 million in revenue within the Company's Consolidated Statements of Operations during the year ended December 31, 2023. This agreement was terminated as of September 30, 2023. Inspirato LLC was also party to certain property usage agreements with Exclusive Resorts, pursuant to which Inspirato LLC paid Exclusive Resorts to use and operate certain Exclusive Resorts homes for Inspirato members' usage. For the years ended December 31, 2021, 2022 and 2023, Inspirato recognized \$3.4 million, \$2.6 million and \$0.6 million, respectively, in related party expense related to these agreements. As of December 31, 2023, all property usage agreements had terminated. At December 31, 2022 and December 31, 2023, Inspirato had paid all amounts due and payable under the property usage agreements.

Inspirato LLC entered into lease agreements with certain Company executives and board members whereby Inspirato LLC pays those executives and board members a purchase fee in advance of the leased property becoming available for occupancy. Total payments made under these lease agreements for both years ended December 31, 2022 and 2023 totaled less than \$0.1 million.

**(21) Supplemental Financial Information**

The following table presents the year-to-date supplemental and non-cash investing and financing activities:

	Year Ended December 31,		
	2021	2022	2023
<b>Supplemental cash flow information:</b>			
Cash paid for interest	\$ 609	\$ 288	\$ 1,859
Cash paid for income taxes	\$ —	\$ 81	\$ 309
<b>Significant noncash transactions:</b>			
Gain on forgiveness of debt	\$ 9,518	\$ —	\$ —
Conversion of Class V to Class A stock	\$ —	\$ 4,957	\$ —
Accounting principle adoption	\$ —	\$ —	\$ 204
Conversion of preferred stock in connection with reverse recapitalization	\$ —	\$ 104,761	\$ —
Warrants acquired at fair value	\$ —	\$ 9,874	\$ —
Warrants exercised	\$ —	\$ 8,390	\$ —
Fixed assets purchased but unpaid, included in accounts payable at period end	\$ —	\$ 989	\$ 1,022
Operating lease right-of-use assets exchanged for lease obligations	\$ —	\$ 355,214	\$ 66,145
Conversion of deferred rent and prepaid rent to right-of-use assets	\$ —	\$ 6,831	\$ —

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### **Disclosure Controls and Procedures**

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including its Chief Executive Officer and Chief Financial Officer (the “Executives”), to allow timely decisions regarding required disclosures.

Our management, with the participation of the Executives, evaluated, as of the end of the period covered by this Annual Report on Form 10-K the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on that evaluation, and as a result of the material weakness described below, the Executives concluded that as of December 31, 2023, our disclosure controls and procedures were not effective at the reasonable assurance level.

Nevertheless, based on the performance of additional procedures by management designed to ensure reliability of financial reporting, our management has concluded that, notwithstanding the material weaknesses described below, the Consolidated Financial Statements, included in this Annual Report on Form 10-K, fairly present, in all material respects, our financial position, results of operations, and cash flows as of the dates, and for each of the periods presented, in conformity with U.S. GAAP.

#### **Management’s Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Our internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets,
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the Consolidated Financial Statements.

Our management assessed the effectiveness of internal control over financial reporting as of December 31, 2023, using the criteria in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2023, the Company's internal control over financial reporting is not effective due to the previously reported material weaknesses described below that continued to exist as of December 31, 2023.

A material weakness (as defined in Rule 12b-2 under the Exchange Act) is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

## [Table of Contents](#)

As previously reported, the material weaknesses continued to exist as of December 31, 2023 primary relating to (1) the establishment and design of processes and controls over financial closing and reporting and (2) the design and effectiveness of Information Technology General Controls (“ITGC”), including users’ access rights related to certain IT systems and segregation of duties related to the administration of those IT systems that support the Company’s financial reporting process.

These material weaknesses in internal control over financial reporting existed at Inspirato as of December 31, 2023, due to the following root causes:

- Insufficient training of certain control operators and turnover of certain key control operators; and
- Inadequate assessment of financial reporting risks, which in turn contributed to reliance on business process controls that were not designed properly and/or operating effectively to adequately mitigate existing risks.

### **Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting**

In response to the material weaknesses identified in “Management’s Reporting on Internal Control Over Financial Reporting,” we, with oversight from the Audit Committee of the Board of Directors, developed a plan to remediate the material weakness. Ongoing remediation activities include:

- Continue to design and implement a comprehensive and continuous risk assessment process to identify and assess financial statement risks and ensure that the financial reporting process and related internal controls are in place to respond to those risks;
- Continue to enhance the design of and implement additional process-level control activities and ensure they are properly evidenced and operating effectively; and
- Enhance the training provided to our control operators.

During 2023, we engaged a co-source provider who completed an initial assessment of the design of our control environment. These results were reported to the Audit Committee on a quarterly basis and drove management’s remediation efforts throughout 2023. We have made progress towards the remediation of our material weaknesses, however, we need to ensure that our controls are operating effectively throughout 2024 and design access controls for relevant IT applications.

During 2023, we had executive leadership changes in the Chief Executive Officer and Chief Financial Officer positions, and both of the new executives have had previous public company experience. Under their direction, we are holding people accountable for effective control operation and have implemented and enhanced process-level control activities. Additionally, we established an internal audit function prior to 2023 that reported, on at least a quarterly basis, to the Audit Committee, the status of management’s material weakness remediation efforts, including the number of control deficiencies, progress made towards material weakness remediation as well as the implementation of additional process-level control activities throughout the Company. We continue to remediate the material weaknesses identified. We are committed to continuing to improve our internal control over financial reporting and will continue to review and improve our internal control over financial reporting controls and ITGCs, as described above.

We believe the foregoing efforts will effectively remediate the material weaknesses described in “Management’s Report on Internal Control Over Financial Reporting.” Because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of the material weaknesses will require on-going review and evidence of effectiveness prior to concluding that the controls are effective.

### **Changes in Internal Control Over Financial Reporting**

As outlined above, we are in the process of taking steps to remediate the material weaknesses. We made no other changes in internal control over financial reporting during the quarter ended December 31, 2023, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**PART III**

**Item 10. Directors, Executive Officers, and Corporate Governance**

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

**Item 11. Executive Compensation**

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

**Item 14. Principal Accountant's Fees and Services**

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

**Part IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a) Documents filed as part of this report are as follows:

- (1) All Financial Statements: Refer to the “Index to Consolidated Financial Statements” included under Part II, Item 8 of this Form 10-K.
- (2) Financial Statement Schedules: All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements and accompanying notes included under Part II, Item 8 of this Form 10-K.
- (3) Exhibits: The documents listed below are incorporated by reference or are filed with this report, in each case as indicated therein.

The exhibits listed below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Number	Exhibit Description	Provided Herein	Incorporated by Reference			
			Form	File No.	Exhibit	Filing Date
2.1	<a href="#">Business Combination Agreement and Plan of Reorganization, dated June 30, 2021, by and among Thayer, Merger Sub and Inspirato.</a>		8-K	001-39791	2.1	June 30, 2021
2.2	<a href="#">Amendment to Business Combination Agreement, dated September 15, 2021, by and between Thayer and Inspirato.</a>		8-K	001-39791	1.1	September 15, 2021
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation of the Company.</a>		10-Q	001-39791	3.1	November 9, 2023
3.2	<a href="#">Amended and Restated Bylaws of the Company.</a>		8-K	001-39791	3.2	February 14, 2022
3.3	<a href="#">Eleventh Amended and Restated Limited Liability Company Agreement of Inspirato LLC, dated October 16, 2023.</a>		8-K	001-39791	3.1	October 18, 2023
4.1	<a href="#">Form of Class A Common Certificate of the Company.</a>		S-8	333-264331	4.1	April 15, 2022
4.2	<a href="#">Warrant Agreement, dated December 10, 2020, between Continental Stock Transfer &amp; Trust Company and Thayer.</a>		8-K	001-39791	4.1	December 16, 2020
4.3	<a href="#">Assignment, Assumption and Amendment Agreement between the Company and Computershare Trust Company, N.A.</a>		S-1/A	333-262472	4.5	February 11, 2022
4.4	<a href="#">Description of Capital Stock</a>	X				
4.5	<a href="#">Form of 8% Senior Secured Convertible Notes due 2028 (included in Exhibit 10.13)</a>		8-K	001-39791	4.1	August 8, 2023
10.1	<a href="#">Form of Indemnity Agreement of Thayer.</a>		S-1	333-249390	10.3	October 8, 2020
10.2	<a href="#">Form of Inspirato 2021 Equity Incentive Plan.</a>		S-4	333-259570	10.17	September 16, 2021
10.3	<a href="#">Form of Inspirato 2021 Employee Stock Purchase Plan.</a>		S-4	333-259570	10.18	September 16, 2021
10.4	<a href="#">Form of Inspirato Employee Incentive Compensation Plan.</a>		S-4	333-259570	10.19	September 16, 2021
10.5	<a href="#">Outside Director Compensation Policy of the Company.</a>		S-1	333-264598	10.14	April 29, 2022

Table of Contents

10.6	<a href="#"><u>Tax Receivable Agreement, dated February 11, 2022, between the Company and the other parties thereto.</u></a>	8-K	001-39791	10.4	February 14, 2022
10.7	<a href="#"><u>Amended and Restated Registration Rights Agreement, dated February 11, 2022.</u></a>	8-K	001-39791	10.1	February 14, 2022
10.8	<a href="#"><u>Sponsor Subscription Agreement, dated February 10, 2022, between Thayer, Inspirato LLC and the Sponsor.</u></a>	8-K	001-39791	10.6	February 14, 2022
10.9	<a href="#"><u>Employment Agreement between Inspirato LLC and Brent Handler.</u></a>	S-4	333-259570	10.21	September 16, 2021
10.10	<a href="#"><u>Employment Agreement between Inspirato LLC and Brad Handler.</u></a>	S-4	333-259570	10.22	September 16, 2021
10.11	<a href="#"><u>Employment Agreement between Inspirato LLC and David Kallery.</u></a>	S-4	333-259570	10.23	September 16, 2021
10.12	<a href="#"><u>Warrant Agreement, dated March 13, 2023 by and between Inspirato Incorporated and Saks.com LLC.</u></a>	8-K	001-39791	10.1	March 14, 2023
10.13	<a href="#"><u>Amended and Restated Employment Agreement between Inspirato LLC and Web Neighbor.</u></a>	8-K	001-39791	10.1	March 15, 2023
10.14	<a href="#"><u>Offer Letter between the Company and Robert Kaiden, dated as of March 17, 2023.</u></a>	8-K	001-39791	10.1	March 22, 2023
10.15	<a href="#"><u>Investment Agreement, dated as of August 7, 2023, between Inspirato Incorporated and Oakstone Ventures, Inc.</u></a>	8-K	001-39791	10.1	August 8, 2023
10.16	<a href="#"><u>First Amendment to the Warrant Agreement, dated March 13, 2023, by and between Inspirato Incorporated and Saks.com LLC.</u></a>	10-Q	001-39791	10.1	August 9, 2023
10.17	<a href="#"><u>Separation and Release Agreement, dated as of August 21, 2023, between Inspirato LLC and R. Webster Neighbor.</u></a>	8-K	001-39791	10.1	August 25, 2023
10.18	<a href="#"><u>Executive Employment Agreement between Inspirato LLC and Eric Grosse, dated September 22, 2023.</u></a>	8-K	001-39791	10.1	September 22, 2023
10.19	<a href="#"><u>Separation and Release Agreement between Inspirato LLC and Brent Handler, dated September 22, 2023.</u></a>	8-K	001-39791	10.2	September 22, 2023
14.1	<a href="#"><u>Code of Ethics</u></a>				X
21.1	<a href="#"><u>List of Subsidiaries</u></a>				X
23.1	<a href="#"><u>Consent of Independent Registered Public Accounting Firm</u></a>				X
24.1	<a href="#"><u>Power of Attorney</u></a>				X
31.1	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>				X
31.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>				X
32.1+	<a href="#"><u>Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>				X
97.1	<a href="#"><u>Clawback Policy</u></a>				X
101.INS	INLINE XBRL Instance Document				

[Table of Contents](#)

101.SCH	INLINE XBRL Taxonomy Extension Schema Document
101.CAL	INLINE XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	INLINE XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	INLINE XBRL Taxonomy Extension Label Linkbase Document
101.PRE	INLINE XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document or included within the Exhibit 101 attachments)

+ The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Inspirato Incorporated under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

**Item 16. Form 10-K Summary**

None.



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 12, 2024.

**INSPIRATO INCORPORATED**

By: /s/ Eric Grosse

\_\_\_\_\_  
Eric Grosse  
Chief Executive Officer

**POWER OF ATTORNEY**

Each person whose individual signature appears below hereby authorizes and appoints Eric Grosse with full power of substitution and resubstitution and full power to act as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorney-in-fact and agent or any of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ Eric Grosse Eric Grosse	Chief Executive Officer & Director <i>(Principal Executive Officer)</i>	March 12, 2024
/s/ Robert Kaiden Robert Kaiden	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	March 12, 2024
/s/ Michael Armstrong Michael Armstrong	Director	March 12, 2024
/s/ Scott Berman Scott Berman	Director	March 12, 2024
/s/ Brad Handler Brad Handler	Executive Chairman and Director	March 12, 2024
/s/ Brent Handler Brent Handler	Director	March 12, 2024
/s/ Ann Payne Ann Payne	Director	March 12, 2024
/s/ John Melicharek John Melicharek	Director	March 12, 2024

## DESCRIPTION OF SECURITIES

The following description of the capital stock of Inspirato Incorporated (“us,” “our,” “we,” “Inspirato” or the “Company”) is a summary of the rights of our securities and certain provisions of our Second Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) and Amended and Restated Bylaws (the “Bylaws”) as currently in effect. Because the following description is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth herein, you should refer to our Certificate of Incorporation and Bylaws, the other agreements described below, copies of which have been filed as exhibits to the Annual Report on Form 10-K of which this Exhibit is a part, and to the applicable provisions of the Delaware General Corporation Law (the “DGCL”).

### Authorized Stock

The authorized capital stock of Inspirato is 85,000,000, consisting of 5,000,000 shares of preferred stock and 80,000,000 shares of common stock, \$0.0001 par value per share, of which:

- 50,000,000 shares are designated as Class A common stock (“Class A Common Stock”); and
- 25,000,000 shares are designated as Class V common stock (“Class V Common Stock”); and
- 5,000,000 shares are designated as Class B non-voting common stock (“Class B Common Stock” and together with the Class A Common Stock and the Class V Common Stock, the “Common Stock”).

### Common Stock

#### *Voting Power*

Holders of Class A Common Stock and Class V Common Stock are entitled to one vote for each share held as of the record date for the determination of the stockholders entitled to vote on such matters, except as otherwise required by law. The holders of Class A Common Stock and Class V Common Stock will at all times vote together as one class on all matters submitted to a vote of stockholders, unless otherwise required by Delaware law or the Certificate of Incorporation (as it may be amended from time to time). Delaware law could require holders of shares of a class of capital stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend the Certificate of Incorporation to increase or decrease the par value of a class of the capital stock, then that class would be required to vote separately to approve the proposed amendment; and
- if we were to seek to amend the Certificate of Incorporation in a manner that alters or changes the powers, preferences, or special rights of a class of capital stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.
- Holders of Class B Common Stock are not entitled to vote except as otherwise required by Delaware law.

#### *Dividends*

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Class A and Class B Common Stock will be entitled to receive dividends out of funds legally available if our board of directors (the “Board”) in its discretion, determines to issue dividends and then only at the times that the Board may determine. Any dividends paid to the holders of shares of Class A and Class B Common Stock shall be paid on a pro rata basis. The holders of our Class V Common Stock shall not be entitled to receive any dividends out of any assets of the Company.

#### *Liquidation, Dissolution and Winding Up*

In the event of our voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, and after the rights of the holders of the preferred stock, if any, have been satisfied, each holder of our Common Stock outstanding at that time shall be entitled to receive \$0.0001 per share and the remaining assets of whatever kind available for distribution to stockholders shall be distributable ratably among the holders of Common Stock outstanding at that time.

#### *Preemptive or Other Rights*

Holders of Common Stock are not entitled to preemptive rights, and shares of Common Stock are not subject to conversion, redemption, or sinking fund provisions.

#### *Election of Directors*

Subject to the rights of holders of any series of preferred stock with respect to the election of directors, the number of directors that constitutes the Board will be fixed solely by resolution adopted by a majority of the Board. The Certificate of Incorporation provides for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of

stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms. Stockholders do not have the ability to cumulate votes for the election of directors.

### **Preferred Stock**

The Certificate of Incorporation provides that shares of preferred stock may be issued from time to time in one or more series. The Board is authorized to fix the voting rights, if any, designations, powers and preferences, the relative, participating, optional or other special rights, and any qualifications, limitations and restrictions thereof, applicable to the shares of each series of preferred stock. The Board will be able to, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the Common Stock and could have anti-takeover effects. The ability of the Board to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of the Company or the removal of existing management.

The Company has no preferred stock outstanding at the date hereof.

### **Warrants**

#### ***Public Stockholders' Warrants***

Each whole warrant entitles the registered holder to purchase one share of Class A Common Stock at a price of \$11.50 per share, subject to adjustment as discussed below, at any time commencing on the later of one year from the closing of the initial public offering ("IPO") of Thayer Ventures Acquisition Corporation ("Thayer") or 30 days after the closing of the business combination between Thayer and Inspirato LLC (the "Business Combination" and, such closing, the "Closing"), provided in each case that we have an effective registration statement under the U.S. Securities Act of 1933, as amended (the "Securities Act") covering the shares of Class A Common Stock issuable upon exercise of the warrants and a current prospectus relating to them is available (or we permit holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares of Class A Common Stock. This means only a whole warrant may be exercised at a given time by a warrant holder. No fractional warrants will be issued upon separation of the units and only whole warrants will trade. Accordingly, unless you purchase at least an even number of units, you will not be able to receive or trade a whole warrant. The warrants will expire five years after the Closing at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

We will not be obligated to deliver any shares of Class A Common Stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A Common Stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to our satisfying our obligations described below with respect to registration. No warrant will be exercisable and we will not be obligated to issue a share of Class A Common Stock upon exercise of a warrant unless the share of Class A Common Stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will we be required to net cash settle any warrant. In the event that a registration statement is not effective for the exercised warrants, the purchaser of a unit containing such warrant will have paid the full purchase price for the unit solely for the share of Class A Common Stock underlying such unit.

A registration statement for the registration, under the Securities Act, of the shares of Class A Common Stock issuable upon exercise of the warrants has been declared effective on May 9, 2022. We will use our best efforts to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the warrants in accordance with the provisions of the warrant agreement. In addition, if Class A Common Stock is, at the time of any exercise of a warrant, not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of our public warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event we elect to do so, we will not be required to file or maintain in effect a registration statement, but we will use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering each such warrant for that number of shares of Class A Common Stock equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied the excess of the "fair market value" less the exercise price of the warrants by (y) the fair market value and (B) 0.361. The "fair market value" shall mean the volume weighted average price of the shares of Class A Common Stock for the ten trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

In addition, if (x) we issue additional shares of Class A Common Stock or equity-linked securities for capital raising purposes in connection with the Closing at an issue price or effective issue price of less than \$9.20 per share of Class A Common Stock (with such issue price or effective issue price to be determined in good faith by the Board and, in the case of any such issuance to our initial stockholders or their affiliates, without taking into account any shares of Class A Common Stock that were issued upon the conversion of shares of Thayer's Class B common stock in connection with the Business Combination and were originally purchased by the Thayer Ventures Acquisition Holdings LLC (the "Sponsor") in a private placement prior to the IPO that are held by our initial

---

stockholders or such affiliates, as applicable, prior to such issuance including any transfer or reissuance of such shares (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 50% of the total equity proceeds, and interest thereon, available for the funding of our initial business combination, and (z) the volume weighted average trading price of the shares of Class A Common Stock during the 10 trading day period starting on the trading day after the day on which we consummate our initial business combination is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value (as defined in the warrant agreement) and the Newly Issued Price, and the \$10.00 and \$18.00 per share redemption trigger prices described under “Redemption of Public Stockholders’ Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$10.00” and “Redemption of Public Stockholders’ Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$18.00” will be adjusted (to the nearest cent) to be equal to 100% and 180% of the higher of the Market Value and the Newly Issued Price, respectively.

***Redemption of Public Stockholders’ Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$18.00***

Once the warrants become exercisable, we may redeem the outstanding warrants (except as described herein with respect to the warrants to purchase shares of Class A Common Stock purchased in a private placement in connection with the IPO (the “Private Warrants”)):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days’ prior written notice of redemption, or the 30-day redemption period, to each warrant holder; and
- if, and only if, the last reported sale price of Class A Common Stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock capitalizations, reorganizations, recapitalizations and the like and for certain issuances of Class A Common Stock and equity-linked securities for capital raising purposes in connection with the closing of our initial business combination as described elsewhere in this prospectus) for any 20 trading days within a 30-trading day period ending the third trading day before we send to the notice of redemption to the warrant holders (the “Reference Value”).

We will not redeem the warrants as described above unless a registration statement under the Securities Act covering the issuance of the shares of Class A Common Stock issuable upon exercise of the warrants is then effective and a current prospectus relating to those shares of common stock is available throughout the 30-day redemption period. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. As a result, we may redeem the warrants as set forth above even if the holders are otherwise unable to exercise the warrants.

We have established the last of the redemption criteria discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise their warrant prior to the scheduled redemption date. However, the price of the shares of Class A Common Stock may fall below the \$18.00 redemption trigger price (as adjusted for stock splits, stock capitalizations, reorganizations, recapitalizations and the like and for certain issuances of Class A Common Stock and equity-linked securities for capital raising purposes in connection with the Closing as described elsewhere in this prospectus) as well as the \$11.50 warrant exercise price, subject to adjustments as described herein, after the redemption notice is issued.

***Redemption of Public Stockholders’ Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$10.00***

Once the warrants become exercisable, we may redeem the outstanding warrants:

- in whole and not in part;
  - at \$0.10 per warrant upon a minimum of 30 days’ prior written notice of redemption; provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table below, based on the redemption date and the “fair market value” of the shares of Class A Common Stock;
  - if, and only if, the Reference Value of the shares of Class A Common Stock equals or exceeds \$10.00 per share (as adjusted per stock splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like and for certain issuances of Class A Common Stock and equity-linked securities for capital raising purposes in connection with the closing of our initial business combination); and
  - if the Reference Value is less than \$18.00 per share (as adjusted per stock splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like and for certain issuances of Class A Common Stock and equity-linked securities for capital raising purposes in connection with the closing of our initial business combination as described elsewhere in this prospectus), the Private Warrants must also be concurrently called for redemption at the same price (equal to a number of shares of Class A Common Stock) as the outstanding public warrants, as described above.
-

The numbers in the table below represent the number of shares of Class A Common Stock that a warrant holder will receive upon exercise in connection with a redemption by us pursuant to this redemption feature, based on the “fair market value” of our shares of Class A Common Stock on the corresponding redemption date (assuming holders elect to exercise their warrants and such warrants are not redeemed for \$0.10 per warrant), determined based on the volume weighted average last reported sale price of our shares of Class A Common Stock for the 10 trading days immediately following the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants, and the number of months that the corresponding redemption date precedes the expiration date of the warrants, each as set forth in the table below. We will provide our warrant holders with the final fair market value no later than one business day after the 10-trading day period described above ends.

The stock prices set forth in the column headings of the table below will be adjusted as of any date on which the number of shares issuable upon exercise of a warrant or the exercise price of the warrant is adjusted as set forth under the heading “- Anti-dilution Adjustments” below. If the number of shares issuable upon exercise of a warrant is adjusted, the adjusted stock prices in the column headings will equal the stock prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the exercise price of the warrant after such adjustment and the denominator of which is the exercise price of the warrant immediately prior to such adjustment. In such an event, the number of shares in the table below shall be adjusted by multiplying such share amounts by a fraction, the numerator of which is the number of shares deliverable upon exercise of a warrant immediately prior to such adjustment and the denominator of which is the number of shares deliverable upon exercise of a warrant as so adjusted. If the exercise price of the warrant is adjusted as a result of raising capital in connection with the initial business combination, the adjusted share prices in the column headings will be multiplied by a fraction, the numerator of which is the higher of the Market Value and the Newly Issued Price as set forth under the heading “- Anti-dilution Adjustments” and the denominator of which is \$10.00.

**Fair Market Value of Class A Common Stock**

<b>Redemption Date (period to expiration of warrants)</b>	<b>10.00</b>	<b>11.00</b>	<b>12.00</b>	<b>13.00</b>	<b>14.00</b>	<b>15.00</b>	<b>16.00</b>	<b>17.00</b>	<b>&gt;18.00</b>
60 months .....	0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months .....	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months .....	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months .....	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months .....	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months .....	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months .....	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months .....	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months .....	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months .....	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months .....	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months .....	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months .....	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months .....	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months .....	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361

**Fair Market Value of Class A Common Stock**

<b>Redemption Date (period to expiration of warrants)</b>	<b>10.00</b>	<b>11.00</b>	<b>12.00</b>	<b>13.00</b>	<b>14.00</b>	<b>15.00</b>	<b>16.00</b>	<b>17.00</b>	<b>&gt;18.00</b>
15 months .....	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months .....	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months .....	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months .....	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months .....	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months .....	—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of shares of Class A Common Stock to be issued for each warrant exercised will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365 or 366-day year, as applicable. For example, if the volume weighted average price of our shares of Class A Common Stock as reported for the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is \$11.00 per share, and at such time there are 57 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.277 shares of Class A Common Stock for each whole warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume weighted average price of our shares of Class A Common Stock for the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is \$13.50 per share, and at such time there are 38 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.298 shares of Class A Common Stock for each whole warrant. In no event will the warrants be exercisable in connection with this redemption feature for more than 0.361 shares of Class A Common Stock per warrant (subject to adjustment).

This redemption feature is structured to allow for all of the outstanding warrants to be redeemed when the shares of Class A Common Stock are trading at or above \$10.00 per share, which may be at a time when the trading price of our shares of Class A Common Stock is below the exercise price of the warrants. We have established this redemption feature to provide us with the flexibility to redeem the warrants without the warrants having to reach the \$18.00 per share threshold set forth above under “- Redemption of Public Stockholders’ Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$18.00.” Holders choosing to exercise their warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of shares for their warrants based on an option pricing model with a fixed volatility input as of the date of this prospectus. This redemption right provides us with an additional mechanism by which to redeem all of the outstanding warrants, and therefore have certainty as to our capital structure as the warrants would no longer be outstanding and would have been exercised or redeemed and we will be required to pay the redemption price to warrant holders if we choose to exercise this redemption right and it will allow us to quickly proceed with a redemption of the warrants if we determine it is in our best interest to do so. As such, we would redeem the warrants in this manner when we believe it is in our best interest to update our capital structure to remove the warrants and pay the redemption price to the warrant holders.

As stated above, we can redeem the warrants when the shares of Class A Common Stock are trading at a price starting at \$10.00, which is below the exercise price of \$11.50, because it will provide certainty with respect to our capital structure and cash position while providing warrant holders with the opportunity to exercise their warrants on a cashless basis for the applicable number of shares. If we choose to redeem the warrants when the shares of Class A Common Stock are trading at a price below the exercise price of the warrants, this could result in the warrant holders receiving fewer shares of Class A Common Stock than they would have received if they had been able to exercise their warrants for shares of Class A Common Stock if and when such shares of Class A Common Stock were trading at a price higher than the exercise price of \$11.50.

No fractional shares of Class A Common Stock will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of shares of Class A Common Stock to be issued to the holder. If, at the time of redemption, the warrants are exercisable for a security other than the shares of Class A Common Stock pursuant to the warrant agreement (for instance, if we are not the surviving company in the Business Combination), the warrants may be exercised for such security. At such time as the warrants become exercisable for a security other than Class A Common Stock, the company (or the surviving company) will use its best efforts to register under the Securities Act the security issuable upon exercise of the warrants.

A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person’s affiliates), to the warrant agent’s actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the shares of Class A Common Stock issued and outstanding immediately after giving effect to such exercise.

*Anti-Dilution Adjustments.* If the number of outstanding shares of Class A Common Stock is increased by a share dividend payable in shares of Class A Common Stock, or by a split-up of common stock or other similar event, then, on the effective date of such share dividend, split-up or similar event, the number of shares of Class A Common Stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding common stock. A rights offering to holders of common stock entitling holders to purchase shares of Class A Common Stock at a price less than the fair market value will be deemed a share dividend of a number of shares of Class A Common Stock equal to the product of (i) the number of shares of Class A Common Stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for shares of Class A Common Stock ) and (ii) one minus the quotient of (x) the price per share of Class A Common Stock paid in such rights offering and (y) the fair market value. For these purposes, (i) if the rights offering is for securities convertible into or exercisable for shares of Class A Common Stock , in determining the price payable for shares of Class A Common Stock , there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of shares of Class A Common Stock as reported during the ten (10) trading day period ending on the trading day prior to the first date on which the shares of Class A Common Stock trades on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

---

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of shares of Class A Common Stock on account of such shares of Class A Common Stock (or other securities into which the warrants are convertible), other than (a) as described above, (b) certain ordinary cash dividends, (c) to satisfy the redemption rights of the holders of shares of Class A Common Stock in connection with a proposed initial business combination or (d) in connection with the redemption of our public shares upon our failure to complete our initial business combination, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Class A Common Stock in respect of such event.

If the number of outstanding shares of Class A Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Class A Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Class A Common Stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding shares of Class A Common Stock.

Whenever the number of shares of Class A Common Stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of Class A Common Stock purchasable upon the exercise of the warrants immediately prior to such adjustment and (y) the denominator of which will be the number of shares of Class A Common Stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding shares of Class A Common Stock (other than those described above or that solely affects the par value of such shares of Class A Common Stock), or in the case of any merger or consolidation of us with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that does not result in any reclassification or reorganization of our outstanding shares of Class A Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of us as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the shares of Class A Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of shares of Class A Common Stock in such a transaction is payable in the form of shares of Class A Common Stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within thirty days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the warrant agreement based on the Black-Scholes Warrant Value (as defined in the warrant agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants in order to determine and realize the option value component of the warrant. This formula is to compensate the warrant holder for the loss of the option value portion of the warrant due to the requirement that the warrant holder exercise the warrant within 30 days of the event. The Black-Scholes model is an accepted pricing model for estimating the fair market value where no quoted market price for an instrument is available.

The public warrants were issued in registered form subject to the Assignment, Assumption and Amendment Agreement, between Computershare Trust Company, N.A., as warrant agent, and us in respect of the Warrant Agreement between Thayer and Continental Stock Transfer & Trust Company. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then outstanding public warrants to make any change that adversely affects the interests of the registered holders.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their warrants and receive shares of Class A Common Stock. After the issuance of shares of Class A Common Stock upon exercise of the warrants, each holder will be entitled to one vote for each share of Class A Common Stock issued to such holder upon exercise of the warrants on all matters to be voted on by stockholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number the number of shares of Class A Common Stock to be issued to the warrant holder.

#### ***Private Warrants***

The Private Warrants (including the shares of Class A Common Stock issuable upon exercise of the Private Warrants) will not be transferable, assignable or salable until 30 days after the completion of our initial business combination (except pursuant to limited exceptions to our officers and directors and other persons or entities affiliated with the initial purchasers of the Private Warrants) and

---

they will not be redeemable by us (except as described above under “-Redemption of Public Stockholders’ Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$10.00”) so long as they are held by the Sponsor or its permitted transferees. The Sponsor, or its permitted transferees, has the option to exercise the Private Warrants on a cashless basis. Except as described below, the Private Warrants have terms and provisions that are identical to those of the warrants sold as part of the units. If the Private Warrants are held by holders other than the Sponsor or its permitted transferees, the Private Warrants will be redeemable by us and exercisable by the holders on the same basis as the warrants included in the units.

Except as described above under “-Redemption of Public Stockholders’ Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$10.00,” if holders of the Private Warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering their warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the “fair market value” (defined below) by (y) the fair market value. The “fair market value” will mean the average last reported sale price of the shares of Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent. The reason that we have agreed that these warrants will be exercisable on a cashless basis so long as they are held by the Sponsor and permitted transferees is because it is not known at this time whether they will be affiliated with us following a business combination. If they remain affiliated with us, their ability to sell our securities in the open market will be significantly limited. We expect to have policies in place that prohibit insiders from selling our securities except during specific periods of time. Even during such periods of time when insiders will be permitted to sell our securities, an insider cannot trade in our securities if they are in possession of material non-public information. Accordingly, unlike stockholders who could exercise their warrants and sell the shares of Class A Common Stock received upon such exercise freely in the open market in order to recoup the cost of such exercise, the insiders could be significantly restricted from selling such securities. As a result, we believe that allowing the holders to exercise such warrants on a cashless basis is appropriate. On February 14, 2022, all 7,175,000 Private Warrants were exercised on a cashless basis into 5,078,965 shares of our Class A Common Stock.

#### **Certain Anti-Takeover Provisions of Delaware Law**

##### ***Special Meeting of Stockholders***

Our Bylaws provide that special meetings of our stockholders may be called by the chairperson of the Board, our Chief Executive Officer or the Board pursuant to adoption of a resolution.

##### ***Advance Notice Requirements for Stockholder Proposals and Director Nominations***

Our Bylaws provide, that stockholders seeking to bring business before our annual meeting of stockholders, or to nominate candidates for election as directors at our annual meeting of stockholders must provide timely notice of their intent in writing. Our Bylaws also specify certain requirements as to the form and content of a stockholders’ meeting. These provisions may preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders.

##### ***Authorized but Unissued Shares***

Our authorized but unissued common stock and preferred stock are available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

##### ***Exclusive Forum Selection***

The Certificate of Incorporation is silent on forum selection. Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL or our Certificate of Incorporation or Bylaws or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to this provision. Although we believe these provisions benefit us by providing increased consistency in the application of applicable law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers.

---



## **Dividends**

We have not paid any cash dividends on our shares of common stock to date. The payment of cash dividends in the future will be dependent upon our revenue and earnings, if any, capital requirements and general financial condition. The payment of any dividends will be within the discretion of our then board of directors. It is the present intention of the Board to retain all earnings, if any, for use in our business operations and, accordingly, the Board does not anticipate declaring any dividends in the foreseeable future.

## **Limitation on Liability and Indemnification of Directors and Officers**

The Certificate of Incorporation provides that our directors and officers will be indemnified by us to the fullest extent authorized by Delaware law as it now exists or may in the future be amended. The Certificate of Incorporation provides that our directors will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL.

We have entered into agreements with our officers and directors to provide contractual indemnification. Our Bylaws permit us to secure insurance on behalf of any officer, director or employee for any liability arising out of his or her actions, regardless of whether Delaware law would permit indemnification. We maintain a policy of directors' and officers' liability insurance that insures our directors and officers against the cost of defense, settlement or payment of a judgment in some circumstances and insures us against our obligations to indemnify the directors and officers.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duties. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be negatively impacted to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. We believe that these provisions, the insurance and the indemnity agreements are necessary to attract and retain talented and experienced directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

## **Transfer Agent and Registrar**

The transfer agent for our Class A Common Stock is Computershare Trust Company, N.A..

## **Listing of Common Stock**

Our Class A Common Stock and warrants are listed on Nasdaq under the symbols "ISPO" and "ISPOW," respectively.

---

# Inspirato Code of Business Conduct and Ethics

## Introduction

We are committed to the highest standards of ethical and legal business conduct. Inspirato's Code of Business Conduct and Ethics (the "Code of Conduct") is intended to be a summary of guiding principles and standards that promote a culture of honesty, accountability, ethical and compliant conduct, and prompt internal reporting of violations. This Code of Conduct applies to all our officers, directors, employees, contractors and consultants ("team members" or "you"), thus we ask all to use their best judgment to follow the high ethical and legal standards to which Inspirato is committed. Violations of this Code of Conduct may result in disciplinary action, up to and including termination unless prohibited by law.

If you have a question about this Code of Conduct or the best or appropriate course of action to take in any particular situation, please seek guidance from the Legal Team.

## Fair Dealing & Conduct

Inspirato does not seek competitive advantages through unlawful or unethical business practices. Our reputation for integrity is our most valuable asset and is directly related to the conduct of our team members. Therefore, you must never use your position here at Inspirato or any of its customers, vendors or partners for private gain, to advance personal interests, or to obtain favors or benefits for yourself, members of your family or any other individual, corporation or business entity. You should deal fairly with such parties and not take unfair advantage of anyone through concealment, manipulation, abuse of privileged information, misrepresentation of material facts, or other unfair dealing practices.

## Reporting Violations & Whistleblowing

Consistent with our values, we rely upon our team members to bring to light good faith concerns regarding Inspirato's business practices, including: (1) reporting suspected legal violations; (2) providing truthful information in connection with an inquiry or investigation by a court, an agency, law enforcement or any other governmental body; (3) identifying potential violations of our Code of Conduct; and (4) other matters which may receive whistleblower protection under local law (for purposes of this section, we refer to the foregoing collectively as "violations"). The integrity of our business practices and financial information is paramount and we aspire to maintain a workplace where team members, when they reasonably believe that they are aware of questionable accounting, internal accounting controls or other financial matters, or the reporting of fraudulent financial information (for purposes of this section, we refer to the foregoing collectively as "fraudulent activities"), can raise these concerns free of any retaliation, discrimination or harassment.

If you have a good faith concern regarding conduct that you believe to be a violation of Inspirato's policies, or you believe that any violation or fraudulent activity has occurred or is occurring, we encourage you to:

- discuss the situation with your manager; or
  - if your manager is involved in the situation or you are uncomfortable speaking with your manager, contact the General Counsel; or
-

- if you don't believe your concern is being adequately addressed, or you are not comfortable speaking with one of the above-noted contacts, you may report your concern via our reporting hotline at 844-241-6863 or by visiting <https://secure.ethicspoint.com/domain/media/en/gui/54137/index.html> where you can find international hotline phone numbers for your region or file an online report, and through which you may choose to identify yourself or remain anonymous. Concerns submitted through the reporting hotline that are financial or accounting related may be reviewed by a member of the Audit Committee and the General Counsel or their delegees, as appropriate.

Reported violations will be taken seriously and will be investigated. The specific action taken in any particular case depends on the nature and gravity of the conduct or circumstances reported and the results of the investigation.

We are committed to providing a work environment in which you feel free to raise any good faith concern, free of retaliation, discrimination or harassment (for purposes of this section, we refer to the foregoing collectively as "retaliation"). Accordingly, Inspirato will not tolerate any retaliation against any individual who reports in good faith or participates in the investigation of any suspected violation or fraudulent activity in accordance with our **Whistleblower Policy**.

Nothing in our Whistleblower Policy or this Code of Conduct limits or prohibits team members from engaging for a lawful purpose in any "protected activity."

This is a policy overview only. Please review the full text of our **Whistleblower Policy**.

## Privacy

We care about your privacy and are committed to processing your "personal information" (as defined in the **Inspirato Privacy Policy**), in accordance with fair information practices and applicable data privacy laws. To learn more about how Inspirato handles personal information of employees, former employees, their dependents, and contractors, refer to the **Inspirato Privacy Policy**.

## Confidentiality

In the course of your work, you may have access to proprietary or confidential information regarding Inspirato's business (such as financial data, research and development, marketing, business plans or strategies, suppliers, business partners or customers or the business of its customers, suppliers or other team members). You have a responsibility to prevent revealing or divulging any such information unless it is necessary for you to do so in the performance of your duties or as required by law.

As a condition of employment, you were required to sign an Employee Invention Assignment and Confidentiality Agreement or similar terms as part of your offer of employment, and are expected to abide by its terms and conditions at all times, including after separation of employment for any reason. Confidential or proprietary information includes trade secrets. A trade secret is a commercially useful idea that creates value for Inspirato because of its secrecy, and may include, but is not limited, to financial, business, technical or engineering information, plans, formulas, designs, prototypes, methods, techniques, processes, procedures, programs or codes. You have an obligation to not disclose or use any trade secrets other than as necessary for the performance of work duties, and this obligation continues after your separation of employment.

---

Access to, or disclosure of, confidential information and trade secrets should be on a “need-to-know” basis and must be authorized by your manager. Any breach of this policy may result in disciplinary action, up to and including dismissal, as well as potential legal action taken by Inspirato. Further, it is Inspirato’s policy to respect the confidential or proprietary information of others. You should not bring confidential or proprietary information, documents or materials belonging to your former employer to Inspirato or use them in the performance of your duties. If you believe that confidential or proprietary information has been disclosed or used in an unauthorized manner, please inform your manager or the Legal Team immediately.

This policy does not prohibit team members from confidentially disclosing trade secrets, proprietary or confidential information to federal, state and local government officials, or to an attorney, when done to report or investigate a suspected violation of the law. Team members may also disclose the information in certain court proceedings if specific procedures to protect the information are followed. Nothing in this policy is intended to conflict with the U.K. Trade Secrets Regulations 2018 or 18 U.S.C. sec. 1833(b) or create liability for disclosures of trade secrets that expressly allowed by 18 U.S.C. sec. 1833(b).

If you are contacted by a member of the financial community, the press or any other outside organization or individual, you may **not** provide information regarding Inspirato’s business except pursuant to our **Regulation FD Compliance and External Communications Policy**. This includes, among other things, answers to questions on overall business trends, business in different geographies, pricing, suppliers, new products or technologies, lawsuits or disputes or any other aspects of Inspirato’s business.

## Conflicts of Interest

Inspirato expects you to conduct yourself and company business in a manner that reflects the highest standards of integrity and ethical conduct, in accordance with all local laws and regulations. This includes avoiding real and potential conflicts of interests.

Avoid situations that might impair, or even appear to impair, your ability to make objective and fair decisions when performing your job. At times, you may be faced with situations in which business actions taken on behalf of Inspirato may conflict with your own personal interests. If a situation arises where there is a potential conflict of interest, discuss this with a manager or the Legal Team for advice and guidance on how to proceed. You are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between your personal interests and the interests of Inspirato.

It is not possible to define all possible circumstances and relationships that might create a conflict of interest. Below is a non-exhaustive list of activities that indicate improper behavior, lack of personal integrity or unacceptable judgement and should be brought to the attention of the Legal Team:

- Holding an interest in (except as noted below), or accepting free or discounted goods from, any organization that does, or is seeking to do, business with Inspirato, while in a position to directly or indirectly influence either Inspirato's decision to do business, or the terms upon which business would be done with such organization;
  - Holding any interest in an organization that competes with Inspirato (except as noted below);
  - Being employed by (including as a consultant) or serving on the board of any organization which does business, is seeking to do business, or competes, with Inspirato;
-

- Profiting personally, e.g., through commissions, loans, expense reimbursements or other payments, from any organization seeking to do business with Inspirato; or
- Using Inspirato assets without authorization for personal business or gain.

An investment representing less than 1% of the outstanding shares of a publicly held company or less than 5% of a privately held company will not, by itself, constitute a conflict of interest.

Additionally, if a conflict of interest meets the definition of a “related party transaction,” Inspirato’s Audit Committee must approve the transaction in accordance with our **Related Person Transaction Policy and Procedures**.

### **Personal Conflicts of Interest**

We all must avoid situations involving actual, potential or apparent conflicts of interest. Personal or romantic involvement with a competitor, supplier or another team member which impairs your ability to exercise good judgment on behalf of Inspirato or creates an actual conflict of interest should be avoided. While Inspirato does not seek to interfere with personal relationships, certain types of conduct may create conflicts of interest and can lead to problems with favoritism and morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried over into day-to-day working relationships.

### **Workplace Relationships**

Dating someone who you supervise or supervises you, indirectly or directly, and/or where they will have access to sensitive information creates a potential of conflict of interest. Relationships of this nature should be self-reported to the People Operations Team, who will review the situation and present options to eliminate the presence or appearance of a conflict of interest.

### **Employment of Relatives**

While we do not prohibit hiring of family members, family members may not be hired into positions in which they supervise the other, directly or indirectly, or where they will have access to sensitive information regarding the other person.

### **Outside Employment**

Outside employment that directly conflicts with Inspirato’s essential business interests or disrupts business operations is prohibited. To request approval for outside employment, submit written details of the employment to the People Operations Team for evaluation if an actual, potential or apparent conflict of interest exists. If approved, Inspirato assumes no responsibility for the employment and shall not provide workers' compensation coverage or other benefits for injuries occurring from or arising from the outside employment.

### **Corporate Opportunities**

Except as set forth in our certificate of incorporation and bylaws, our team members have a duty to Inspirato to advance business interests when the opportunity arises. Team members are prohibited from taking, or directing a third party to take, a business opportunity that is discovered through the use of

---

corporate property, information or position, unless Inspirato has first been offered, and turned down, the opportunity. You are further prohibited from competing with Inspirato directly or indirectly during employment with Inspirato, and as otherwise provided in any written agreement with Inspirato. At times the line between personal and company benefits is difficult to draw, and sometimes there are both personal and company benefits in certain activities. You should discuss with your manager, the People Operations Team or Legal Team if you have any questions.

## **Gifts**

Gifts can be an ordinary course business practice to express gratitude and build goodwill among parties with which we do business. Although giving or receiving gifts will not always create a conflict of interest, please be especially mindful in these situations; before offering or accepting a gift, consider whether your actions could reflect poorly on Inspirato or whether they might create the appearance of improper influence. Modest gifts, entertainment or meals with prospects, partners, customers or other third parties that serve a legitimate business purpose may be acceptable as long as they are not excessive, improper or extravagant. You may not offer or accept gifts, entertainment or meals, even if it has nominal value or no value at all, if it violates applicable laws, creates an appearance of impropriety, or compromises your objectivity and good judgment. Heightened caution should be taken when interacting with government or public officials where gifts of any value may be restricted. For more information, please refer to our **Anti-Bribery and Anti-Corruption Policy**.

## **Political Contributions**

U.S. federal, state and local laws strictly regulate business contributions to political campaigns. Accordingly, any political contributions made with Inspirato funds, whether in the United States or internationally, must be approved in writing in advance by the General Counsel. You may make personal contributions but may not represent that you are making such contributions on behalf of Inspirato.

## **Compliance with Laws & Regulations**

Inspirato will comply with all laws and governmental regulations that are applicable to its activities and expects all team members to obey the law, including the laws of the United States as well as applicable foreign laws. This includes, but is not limited to, compliance with the following:

- Anti-money laundering laws
  - Fair competition law, laws prohibiting restraints of trade and other unfair trade practices
  - U.S. embargoes, export controls and anti-boycott laws
  - Anti-bribery and anti-corruption laws
  - Applicable securities laws
  - Laws prohibiting the unauthorized use, reproduction or distribution of any third party's trade secrets, copyrighted information or confidential information
  - Applicable environmental laws
  - Applicable employment and labor laws and regulations to promote a safe and healthy work environment that is free from unlawful discrimination, harassment or retaliation
  - Laws prohibiting forced labor, slavery, human trafficking and other human rights violations
  - Laws protecting the reasonable privacy expectations of customers, partners, suppliers, visitors to our website and team members
-

Some of the above topics may be covered in more detail in this Code of Conduct or other Inspirato policies. You have a responsibility to be knowledgeable about specific laws and regulations that apply to your area of responsibility. If a law conflicts with a policy, you must comply with the law. Any questions as to the applicability of any law should be directed to the Legal Team.

## **Antitrust and Fair Competition**

Inspirato is committed to fair and open competition and the fostering of a competitive marketplace. Antitrust laws are designed to promote a free and open marketplace by prohibiting activities that restrain trade such as anti-competitive agreements or collusion among competitors. We all have a responsibility to comply with these laws in every region where we operate and to avoid even the appearance of unfair competition.

The following are some examples of prohibited activities under antitrust laws:

- Discussing or agreeing on prices with competitors;
- Orchestrating bids with competitors or directing contracts to certain bidders i.e., bid rigging;
- Allocating or splitting up customers or markets with competitors; and/or
- Agreeing with competitors to boycott a partner, supplier or customer.

Illegal agreements under antitrust laws do not have to be signed contracts and may be as simple as informal “handshake” understandings between parties.

Failing to comply with antitrust laws could result in large fines and even criminal liability for you and/or Inspirato. The laws governing this area are complex and you should seek counsel immediately from the Legal Team should any questions arise.

## **Insider Trading**

Under federal and state securities laws, it is illegal to trade in the securities of a company while in possession of material nonpublic information about that company. Because team members will have knowledge of specific confidential information that is not disclosed outside of Inspirato which will constitute material nonpublic information, trading in Inspirato’s securities, or in the securities of those companies with which Inspirato does business, by team members, or persons to whom team members may provide material nonpublic information to, could constitute insider trading and violate the law. It is your responsibility to comply with these laws and not to share material nonpublic information. Please refer to our Insider Trading Policy to learn more.

## **Accurate & Complete Financial Books & Records**

We are required to provide full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications we make. Accordingly, Inspirato must keep accurate and complete books and records that reflect transactions and asset dispositions in timely, reasonable detail, supported by a proper system of internal accounting controls. These requirements are implemented through Inspirato’s standard accounting policies and procedures, which all personnel are required to follow without exception. Special care must be exercised when transactions may involve payments to foreign officials. Facilitation or other

---

payments to foreign officials should be promptly reported and properly recorded, with respect to purpose, amount and other relevant factors. For more information, please refer to our Anti-Bribery and Anti-Corruption Policy. Off-the-books accounts should never be used. Requests for false invoices or payment of expenses that are unusual, excessive or inadequately described must be rejected and promptly reported. Misleading, incomplete or false entries in Inspirato's books and records are never acceptable.

This Code of Conduct requires specific responsibilities and obligations that are enforced through standard disciplinary measures and properly reflected in performance feedback. All team members and their respective agents are responsible for understanding and complying with this Code of Conduct as it relates to their jobs. Every team member has an obligation to:

- Be familiar with policies and communicate them to team members
- Ask questions if this policy, required action or situation is unclear
- Be alert to indications or evidence of possible wrongdoing
- Promptly report violations or suspected violations through appropriate channels
- Properly manage and monitor business activities conducted through third parties

If you have reason to believe that a violation of this policy has occurred, or may occur, you must promptly report this information to your manager, the next level of management or the General Counsel. Retaliation in any form against an employee who has, in good faith, reported a violation or possible violation of this policy is strictly prohibited. Team members who violate this policy will be subject to disciplinary action, up to and including dismissal. Violations can also result in prosecution by law enforcement authorities and serious criminal and civil penalties.

## **Bribery & Anti-Corruption**

Inspirato is committed to conducting its business ethically and in compliance with all applicable anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the U.S. Travel Act, the OECD Anti-Bribery Convention, and similar laws in other countries that prohibit improper payments to obtain a business advantage. Inspirato strictly prohibits bribery or other improper payments in any of its business operations. This prohibition applies to all business activities, anywhere in the world, whether involving government officials or other commercial enterprises. A bribe or other improper payment to secure a business advantage is never acceptable and can expose individuals and Inspirato to possible criminal prosecution, reputational harm or other serious consequences. This policy applies to all team members. Third-party suppliers, partners, agents, contractors, vendors and other intermediaries acting on the Inspirato's behalf ("third-party representatives") are required to comply with applicable portions of our Anti-Bribery and Anti-Corruption Policy and our Code of Conduct for Partners and Suppliers. Each team member and third-party representative has a personal responsibility and obligation to conduct Inspirato's business activities ethically and in compliance with all applicable laws based on the countries where Inspirato does business in. Failure to do so may result in disciplinary action, up to and including dismissal for team members or termination of a third-party representative's relationship with Inspirato.

We implement this policy through appropriate guidance, training, investigation and oversight. The Legal Team has overall responsibility for the program, supported by the executive leadership of Inspirato. The General Counsel is responsible for giving advice on the interpretation and application of this policy, supporting training and education, and responding to reported concerns. The prohibition on bribery and

---



other improper payments applies to all business activities, but is particularly important when dealing with government officials. The above policy summary is not intended to be exhaustive but is provided to help team members engaged in international activities gain a basic familiarity with applicable rules so that inadvertent violations can be avoided, and potential issues recognized in time to be properly addressed. For more information please review the full text of our **Anti-Bribery and Anti-Corruption Policy**.

### **Waivers & Amendment**

Any amendment or waiver of any provision of this Code of Conduct must be approved in writing by Inspirato's Board of Directors or, if appropriate, its delegate(s), and promptly disclosed pursuant to applicable laws and regulations. Any waiver or modification of this Code of Conduct for the principal executive officer, principal financial officer, principal accounting officer, controller, or any other persons performing similar functions in the company will be promptly disclosed to stockholders if and as required by any applicable rules or laws the company is subject to.

Inspirato reserves the right to amend this Code of Conduct at any time, for any reason, subject to applicable laws, rules and regulations and approval by Inspirato's Board of Directors as noted above.

---

1 Inspirato Incorporated

**Subsidiaries:**

- 2 Bayside Villas, LLC
  - 3 Beach Front Villas Ltd
  - 4 Best of 52 LLC
  - 5 Cenotes Holdings LLC
  - 6 Clouser Bight, Ltd
  - 7 Coral Reef Properties, LLC
  - 8 Faraway Land, LLC
  - 9 HighRoad Holdings, LLC
  - 10 Inspirato LLC
  - 11 Inspirato Real Estate, LLC
  - 12 Inspriato Mexico S. de R.L. de C.V.
  - 13 Island Holdings, LLC
  - 14 Leward Breeze, Inc.
  - 15 Ocean Cliff Holdings, LLC
  - 16 Oceanside Villas, Ltd
  - 17 Palmas Ventosas S. de R.L. de CV
  - 18 Picco Grigio, S.r.L
  - 19 Point Break Holdings LLC
  - 20 Ponte Ferro, LLC
  - 21 Pure Vida Villas, LLC
  - 22 RFV Rentals LLC
  - 23 Signature CR Villas SRL
  - 24 Sky Peak Holdings, LLC
  - 25 Stingray Holdings, Ltd
  - 26 Sunshine Villas, LLC
  - 27 Tortuga Marina Holdings LLC
  - 28 Turquoise Holdings, LLC
  - 29 Vergine Isola, LLC
  - 30 Whitebark Holdings, LLC
-

Consent of Independent Registered Public Accounting Firm

Inspirato Incorporated  
Denver, Colorado

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-264331) of Inspirato Incorporated of our report dated March 12, 2024 relating to the consolidated financial statements, which appears in this Annual Report on Form 10-K.

/s/ BDO USA, P.C.  
Denver, Colorado

March 12, 2024

---

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Eric Grosse, certify that:

1. I have reviewed this annual report on Form 10-K of Inspirato Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2024

By: /s/ Eric Grosse  
Eric Grosse  
Chief Executive Officer  
(Principal Executive Officer)

---

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Robert Kaiden, certify that:

1. I have reviewed this annual report on Form 10-K of Inspirato Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2024

By: /s/ Robert Kaiden  
Robert Kaiden  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

---

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eric Grosse, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Inspirato Incorporated for the fiscal year ended December 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Inspirato Incorporated.

Date: March 12, 2024

By: /s/ Eric Grosse

Name: Eric Grosse

Title: Chief Executive Officer

(Principal Executive Officer)

I, Robert Kaiden, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Inspirato Incorporated for the fiscal year ended December 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Inspirato Incorporated.

Date: March 12, 2024

By: /s/ Robert Kaiden

Name: Robert Kaiden

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

---

**INSPIRATO INCORPORATED**  
**COMPENSATION RECOVERY POLICY**

As adopted on November 28, 2023

Inspirato Incorporated (the “**Company**”) is committed to strong corporate governance. As part of this commitment, the Compensation Committee (the “**Committee**”) of the Company’s board of directors (the “**Board**”) has adopted this clawback policy called the Compensation Recovery Policy (the “**Policy**”). The Policy is intended to further the Company’s pay-for-performance philosophy and to comply with applicable laws by providing rules relating to the reasonably prompt recovery of certain compensation received by Covered Executives in the event of an Accounting Restatement. The application of the Policy to Covered Executives is not discretionary, except to the limited extent provided below, and applies without regard to whether a Covered Executive was at fault. Capitalized terms used in the Policy are defined below, and the definitions have substantive impact on its application so reviewing them carefully is important to your understanding.

The Policy is intended to comply with, and will be interpreted in a manner consistent with, Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”), with Exchange Act Rule 10D-1 and with the listing standards of the national securities exchange (the “**Exchange**”) on which the securities of the Company are listed, including any official interpretive guidance.

**Persons Covered by the Policy**

The Policy is binding and enforceable against all “**Covered Executives**.” A Covered Executive is each individual who is or was ever designated as an “officer” by the Board in accordance with Exchange Act Rule 16a-1(f) (a “**Section 16 Officer**”). The Committee may (but is not obligated to) request or require a Covered Executive to sign and return to the Company an acknowledgement that such Covered Executive will be bound by the terms and comply with the Policy. The Policy is binding on each Covered Executive whether or not the Covered Executive signs and/or returns any acknowledgment.

**Administration of the Policy**

The Committee has full delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to the independent members of the Board or the other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

**Accounting Restatements Requiring Application of the Policy**

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an “**Accounting Restatement**”), then the Committee must determine the Excess Compensation, if any, that must be recovered. The Company’s obligation to recover Excess Compensation is not dependent on if or when restated financial statements are filed.

---

## Compensation Covered by the Policy

The Policy applies to certain **Incentive-Based Compensation** (certain terms used in this Section are defined below) that is **Received** on or after October 2, 2023 (the “**Effective Date**”), during the **Covered Period** while the Company has a class of securities listed on a national securities exchange. Such Incentive-Based Compensation is considered “**Clawback Eligible Incentive-Based Compensation**” if the Incentive-Based Compensation is Received by a person after such person became a Section 16 Officer and the person served as a Section 16 Officer at any time during the performance period for the Incentive-Based Compensation. “**Excess Compensation**” means the amount of Clawback Eligible Incentive-Based Compensation that exceeds the amount of Clawback Eligible Incentive-Based Compensation that otherwise would have been Received had such Clawback Eligible Incentive-Based Compensation been determined based on the restated amounts. Excess Compensation must be computed without regard to any taxes paid and is referred to in the listings standards as “erroneously awarded compensation”.

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide that documentation to the Exchange.

“**Incentive-Based Compensation**” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company’s right to recover under the Policy has lapsed.

“**Financial Reporting Measures**” are measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

Incentive-Based Compensation is “**Received**” under the Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment, vesting, settlement or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to the Effective Date.

“**Covered Period**” means the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition, Covered Period can include certain transition periods resulting from a change in the Company’s fiscal year.

“**Accounting Restatement Determination Date**” means the earliest to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.



## Repayment of Excess Compensation

The Company must recover Excess Compensation reasonably promptly and Covered Executives are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover Excess Compensation by requiring the Covered Executive to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Covered Executive). These means include (but are not limited to):

- (a) requiring reimbursement of cash Incentive-Based Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards (including, but not limited to, time-based vesting awards), without regard to whether such awards are Incentive-Based Compensation or vest based on the achievement of performance goals;
- (c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Covered Executive, including (but not limited to) payments of severance that might otherwise be due in connection with a Covered Executive's termination of employment and without regard to whether such amounts are Incentive-Based Compensation;
- (d) cancelling outstanding vested or unvested equity awards (including, but not limited to, time-based vesting awards), without regard to whether such awards are Incentive-Based Compensation; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by a Covered Executive notwithstanding any Covered Executive's belief (whether or not legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to clawback.

In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce a Covered Executive's obligations to the Company or to discipline a Covered Executive. Failure of a Covered Executive to comply with their obligations under the Policy may result in (without limitation) termination of that Covered Executive's employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company. For avoidance of doubt, any decisions of the Company or the Covered Executive's employer to discipline a Covered Executive or terminate the employment of a Covered Executive are independent of determinations under this Policy. For example, if a Covered Executive was involved in activities that led to an Accounting Restatement, the Company's decision as to whether to not to terminate such Covered Executive's employment would be made under its employment arrangements with such Covered Executive and the requirement to apply this no-fault and non-discretionary clawback policy will not be determinative of whether any such termination is for cause, although failure to comply with the Policy might be something that could result in a termination for cause depending on the terms of such arrangements.

### **Limited Exceptions to the Policy**

The Company must recover the Excess Compensation in accordance with the Policy except to the limited extent that any of the conditions set forth below is met, and the Committee determines that recovery of the Excess Compensation would be impracticable:

- (a) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover such Excess Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange; or
- (b) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the legal requirements as such.

### **Other Important Information in the Policy**

The Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer, as well as any other applicable laws, regulatory requirements, rules, or pursuant to the terms of any existing Company policy or agreement providing for the recovery of compensation.

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Covered Executive against any loss of Excess Compensation. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event that the Company is required to recover Excess Compensation pursuant to the Policy from a Covered Executive who is no longer an employee, the Company will be entitled to seek recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement that individual may have signed.

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Covered Executive is adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Covered Executive, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

The Policy will terminate and no longer be enforceable when the Company ceases to be listed issuer within the meaning of Section 10D of the Exchange Act.

## ACKNOWLEDGEMENT

- I acknowledge that I have received and read the Compensation Recovery Policy (the “**Policy**”) of Inspirato Incorporated (the “**Company**”).
- I understand and acknowledge that the Policy applies to me, and all of my beneficiaries, heirs, executors, administrators or other legal representatives and that the Company’s right to recovery in order to comply with applicable law will apply, regardless of the terms of any release of claims or separation agreement I have signed or will sign in the future.
- I agree to be bound by and to comply with the Policy and understand that determinations of the Committee (as such term is used in the Policy) will be final and binding and will be given the maximum deference permitted by law.
- I understand and agree that my current indemnification rights, whether in an individual agreement or the Company’s organizational documents, exclude the right to be indemnified for amounts required to be recovered under the Policy.
- I understand that my failure to comply in all respects with the Policy is a basis for termination of my employment with the Company and any affiliate of the Company as well as any other appropriate discipline.
- I understand that neither the Policy, nor the application of the Policy to me, gives rise to a resignation for good reason (or similar concept) by me under any applicable employment agreement or arrangement.
- I acknowledge that if I have questions concerning the meaning or application of the Policy, it is my responsibility to seek guidance from the Compliance Officer, Human Resources or my own personal advisers.
- I acknowledge that neither this Acknowledgement nor the Policy is meant to constitute an employment contract.

Please review, sign and return this form to Human Resources.

### **Covered Executive**

\_\_\_\_\_  
(print name)

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(date)

---